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PUBLIC EMPLOYEES RETIREMENT

TEACHERS RETIREMENT

ANNUAL

FINANCIAL

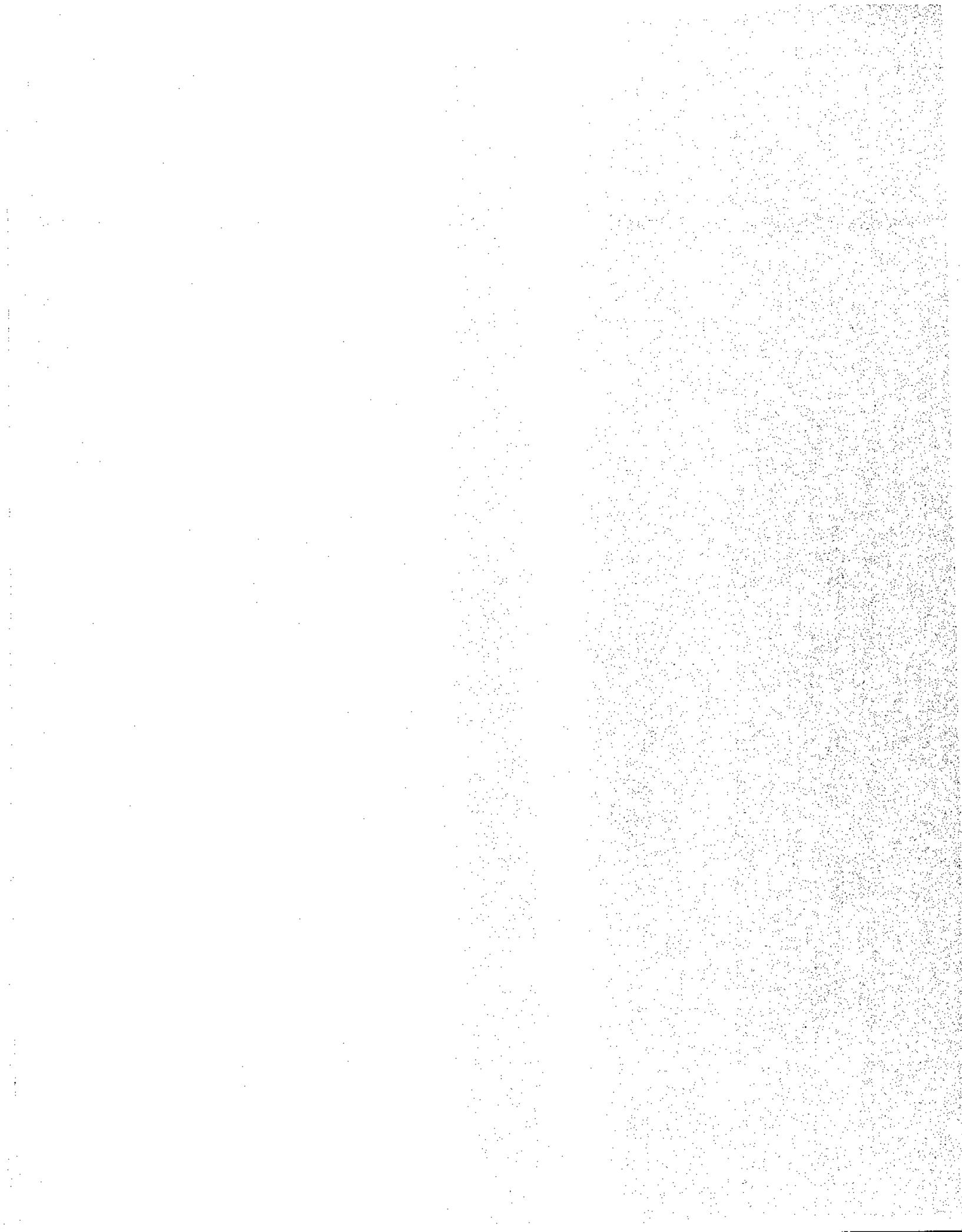
REPORT

FOR THE FISCAL YEAR  
JULY 1, 1973 – JUNE 30, 1974

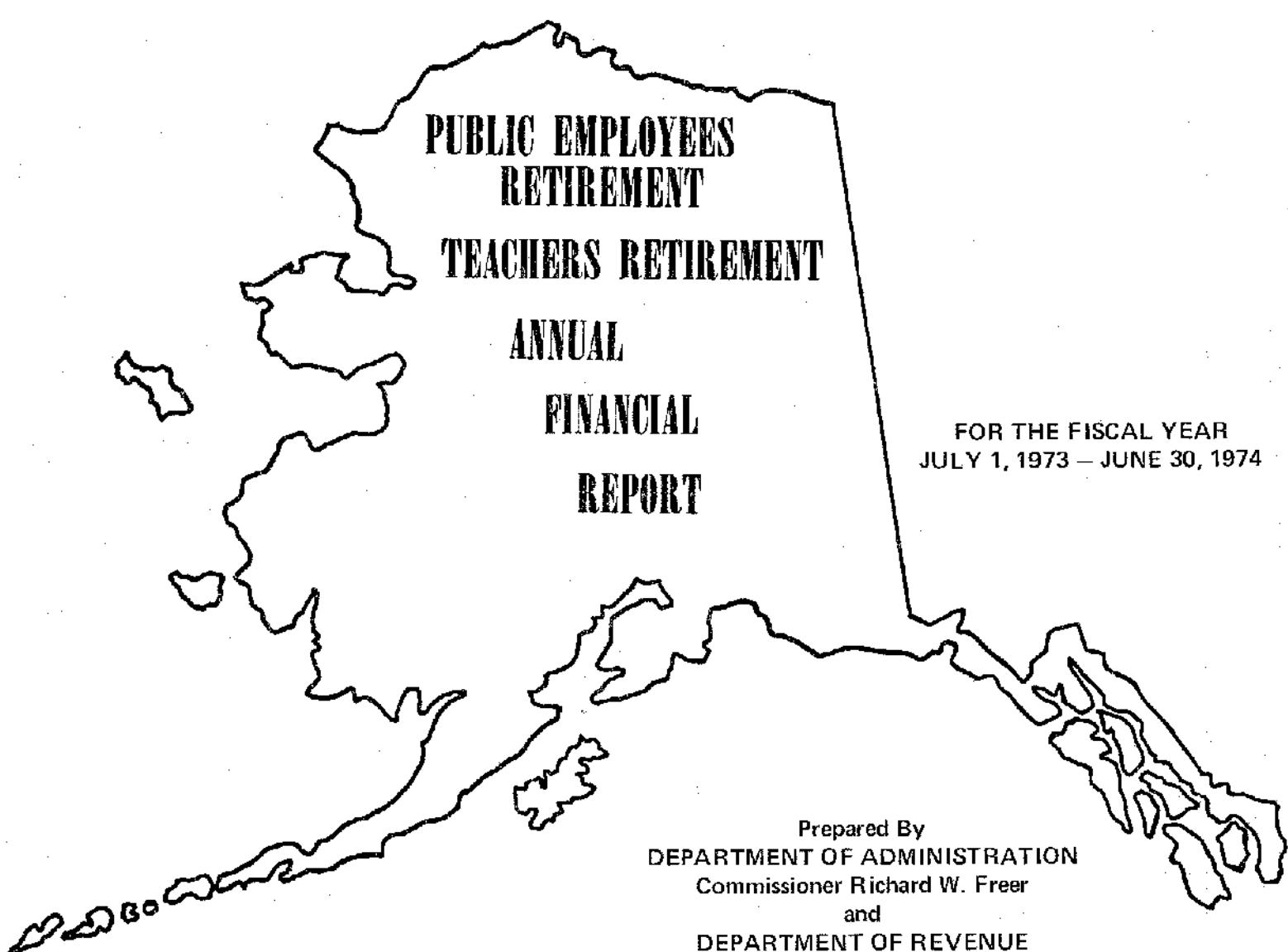


WILLIAM A. EGAN

GOVERNOR



**STATE of ALASKA**

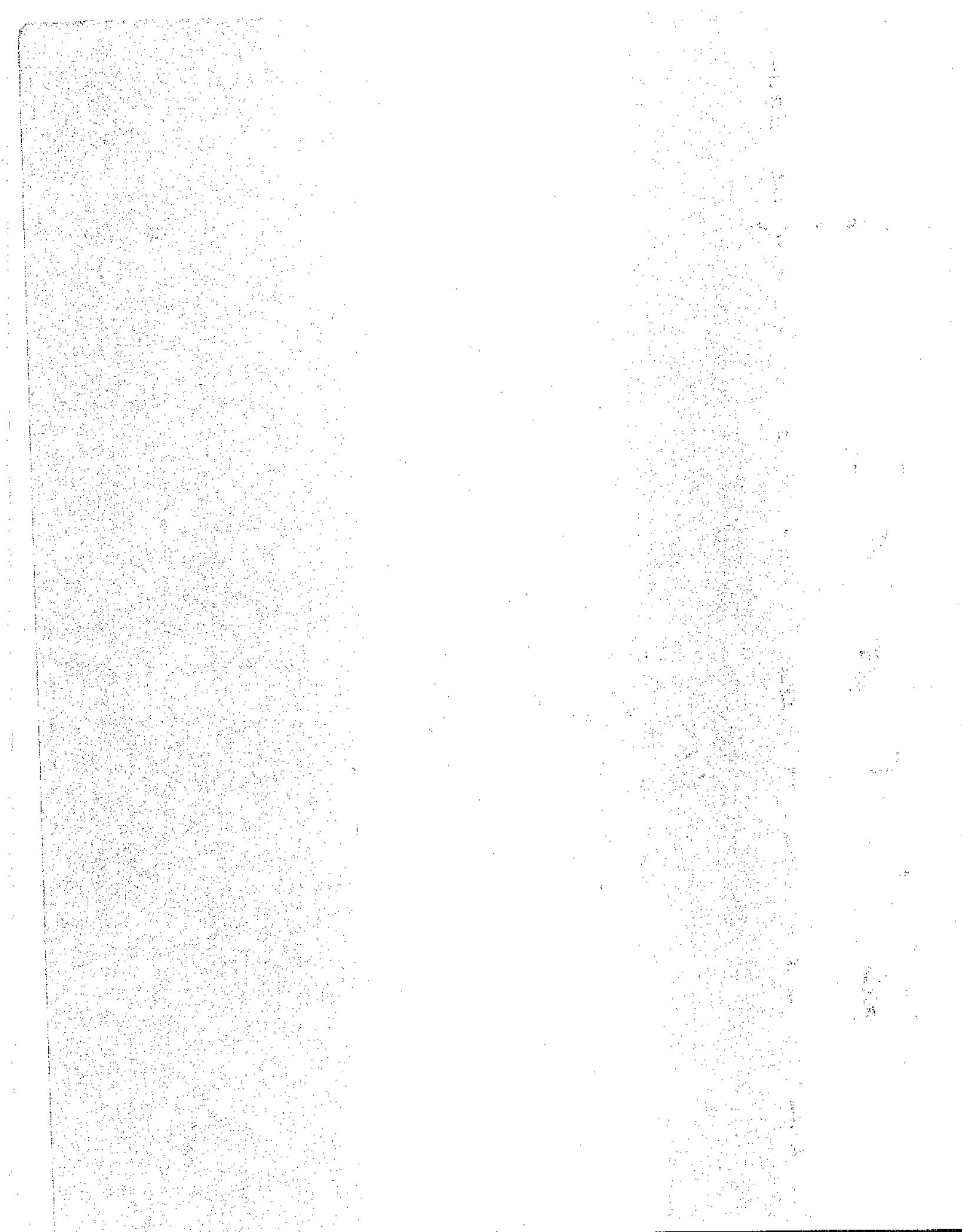


The title is overlaid on a black and white outline map of the state of Alaska. The map shows the state's irregular coastline and major islands like Kodiak and Prince William Sound.

**PUBLIC EMPLOYEES  
RETIREMENT**  
**TEACHERS RETIREMENT**  
**ANNUAL**  
**FINANCIAL**  
**REPORT**

FOR THE FISCAL YEAR  
JULY 1, 1973 – JUNE 30, 1974

Prepared By  
**DEPARTMENT OF ADMINISTRATION**  
Commissioner Richard W. Freer  
and  
**DEPARTMENT OF REVENUE**  
Commissioner Robert D. Stevenson



STATE OF ALASKA

PUBLIC EMPLOYEES' RETIREMENT

TEACHERS' RETIREMENT

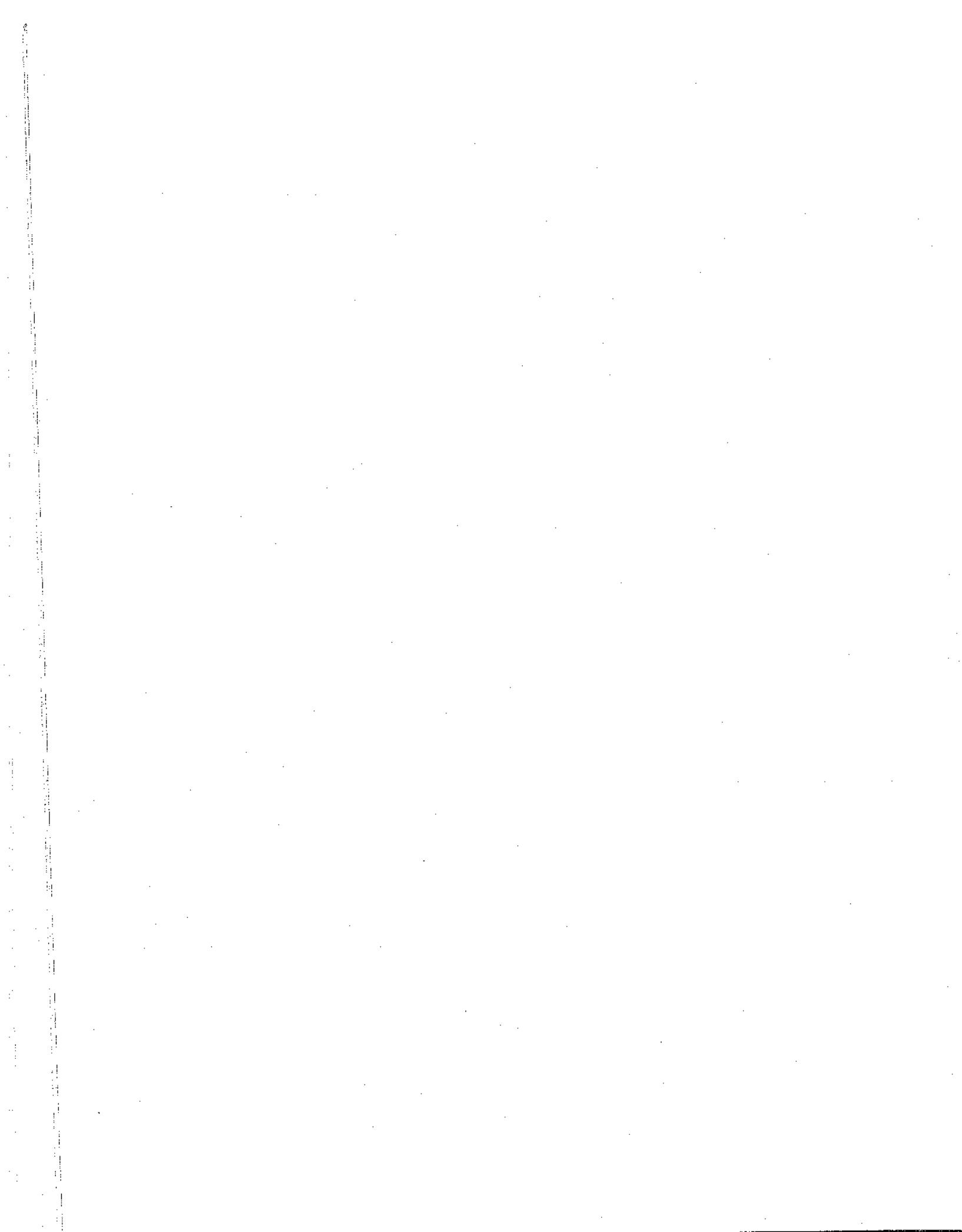
ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED  
June 30, 1974

Prepared By  
Department of Administration  
Division of Retirement and Benefits

and

Department of Revenue  
Treasury Division

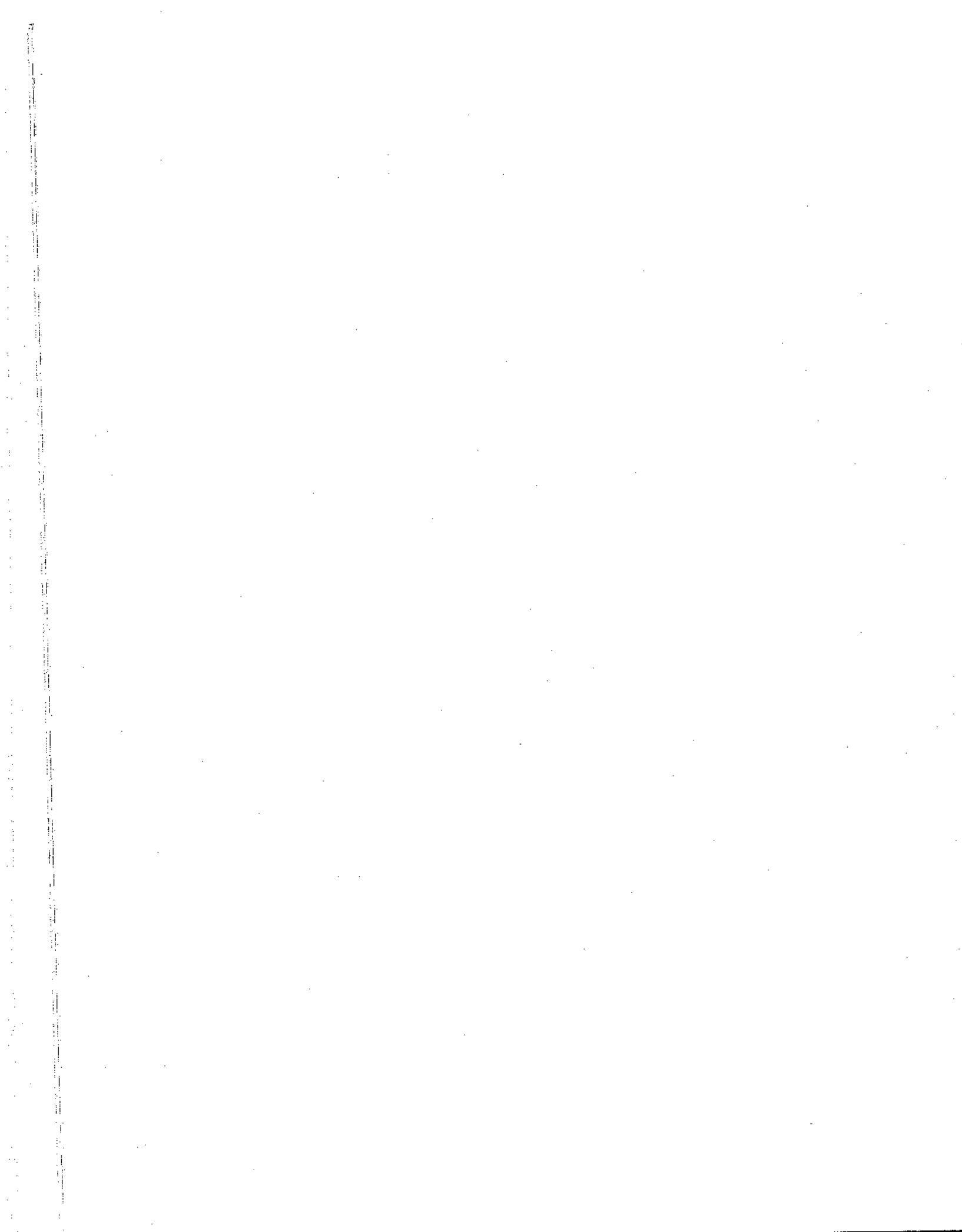


STATE OF ALASKA

PUBLIC EMPLOYEES RETIREMENT FUND  
TEACHERS' RETIREMENT FUND  
Fiscal Year 1974

TABLE OF CONTENTS

	<u>Page Numbers</u>
<u>INTRODUCTION</u>	1-3
<u>COMBINED BALANCE SHEET</u>	4
<u>COMBINED STATEMENT OF OPERATIONS</u>	5
<u>PUBLIC EMPLOYEES' RETIREMENT FUND</u>	
Historical Data (1963 through 1974)	6
Graph - Total Assets	7
Graph - Members' and Employers' Contributions	8
Graph - Benefits Paid	9
Comparative Balance Sheet	10-12
Comparative Statement of Operations	13-15
Stocks Purchased during Year	16
Stock Dividend	16
Stock Sales during Year	17
Investment Summary at Cost	18
Assets Owned as of June 30, 1974	19-27
Actuarial Status by Marsh & McLennan	28-34
Pension Contribution Levels	35
<u>TEACHERS' RETIREMENT FUND</u>	
Historical Data (1963 through 1974)	36
Graph - Total Assets	37
Graph - Members' and Employers' Contributions	38
Graph - Benefits Paid	39
Comparative Balance Sheet	40
Comparative Statement of Operations	41
Stocks Purchased during Year	42
Stock Sales during Year	43
Investment Summary at Cost	44
Assets Owned as of June 30, 1974	45-55
Actuarial Status by Marsh & McLennan	56-63



STATE OF ALASKA

RETIREMENT FUNDS  
Introduction

GENERAL COMMENTS

The information presented in this report shows the results of operations and the financial condition of the two retirement funds for the fiscal year ending June 30, 1974.

The assets accumulated by these funds are used to provide retirement benefits for the members under the Public Employees' Retirement System and the Teachers' Retirement System, respectively.

Assets of the Public Employees' Retirement Fund total \$89,606,549 as of June 30, 1974, an increase of \$13,621,425 over the preceding fiscal year. Assets of the Teachers' Retirement Fund amounted to \$89,794,395 as of June 30, 1974, an increase of \$15,815,018 over the preceding fiscal year. The combined assets of both funds totaled \$179,400,944.

Both the Public Employees' Retirement System (PERS) and the Teachers' Retirement System (TRS) are joint contributory systems with defined contributions and benefits. In PERS, peace officers and firemen contribute five percent and all other members contribute 4.25 percent of gross pay. Employer contribution rates vary from a low of 4.76 percent to a high of 6.94 percent of gross pay. Under TRS, members contribute seven percent of base salary. The combined employer and State matching contribution for fiscal 1974 amounted to 11.22 percent of gross pay.

As of June 30, 1974 there were 25 participating employers and approximately 15,000 members in the Public Employees' Retirement System. There are approximately 11,500 members in the Teachers' Retirement System.

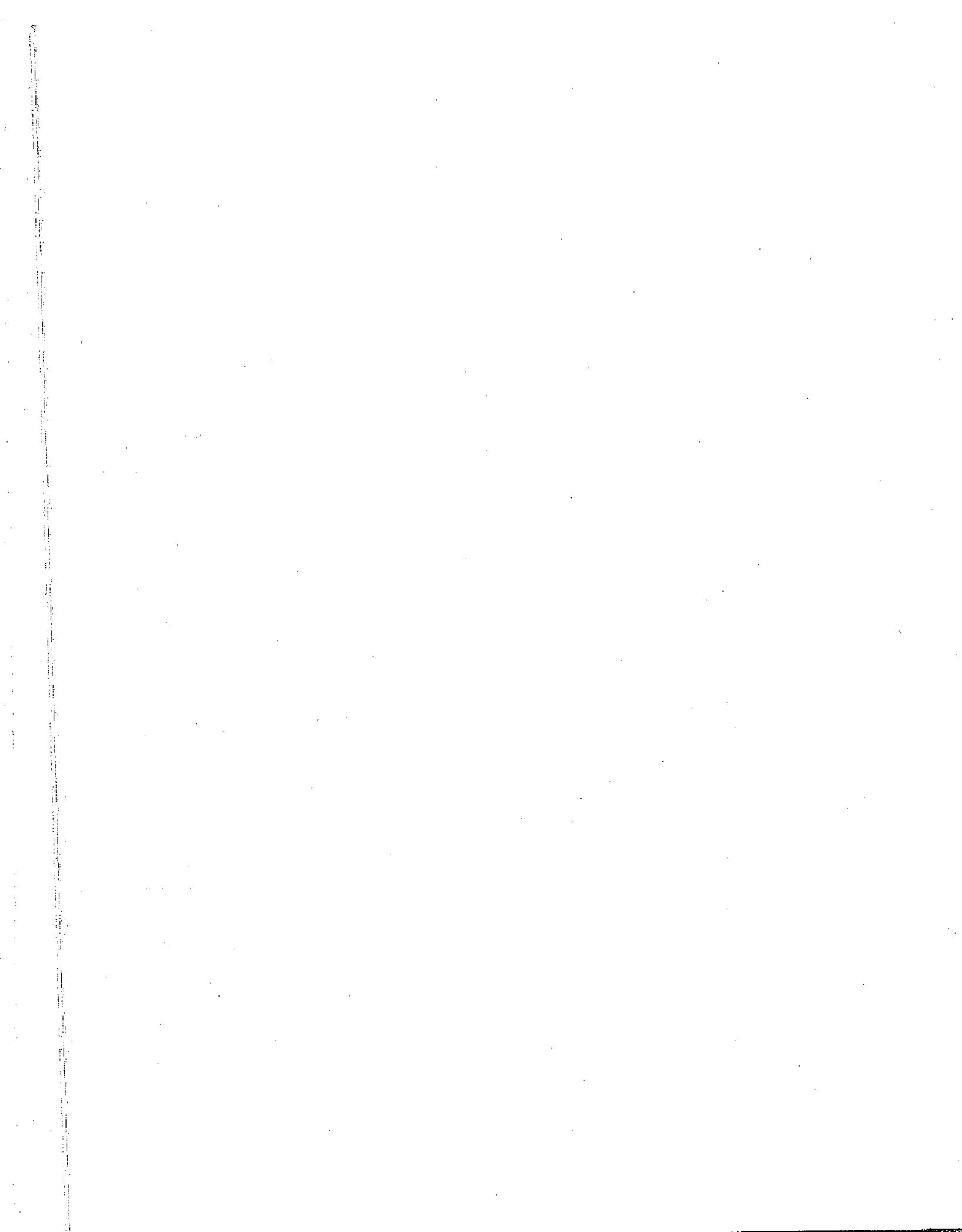
On June 30, 1974 there were 627 persons receiving benefits under the Public Employees' Retirement System and 504 persons receiving benefits under the Teachers' Retirement System.

*700 public employees - 2/1/75*

There are three Territorial retirees, seven judges and one surviving widow of a judge receiving retirement benefits direct from the General Fund appropriation. This cost does not come from the Public Employees' Retirement System.

INVESTMENT COMMENTS

Fiscal year 1974 was a difficult investment period for pension funds. Interest rates increased rapidly during the second half of the year, causing bonds and other fixed income investments to adjust lower in price. At the same time the stock market also declined at a rapid pace to levels of ten years ago. The net result was that only very short term portfolio investments were able to escape the effect of market value attrition during the period. Those retirement funds with a large cash flow able to be directed into short term investments and with a relatively small stock market participation outperformed most others. This was the case with the two Alaska Statewide Retirement Funds.



STATE OF ALASKA

Performance measurement techniques developed by the Bank Administration Institute are used by the Treasury Division for evaluation of investment results. These techniques include a method of measurement called time-weighted rate of return which reflects both changes to market value and income. This performance measurement provides a meaningful way to gauge the performance of the retirement funds in relationship to market indices and to the performance of other funds similarly measured.

During fiscal year 1974 the Public Employees' Retirement Fund achieved a time weighted rate of return of .29% while investment of the Teachers' Retirement Fund returned a -.72%. These returns, while small, compare favorably with the -13.25% return achieved by the average fund during the period. Looking at income alone, each of the Alaska retirement funds earned a creditable 7.24% return up from the 6.40% earned the year before.

The following table displays the returns achieved on the various portions of each of the two Statewide retirement funds as well as the comparable returns of the median and top quarter of 400 funds measured by A. G. Becker, and market indices.

Public Employees' Retirement Funds  
Time Weighted Percentage Rates of Return

	<u>Income</u>	<u>Appreciation</u>	<u>Total</u>
Fixed Income	7.72	- 5.65	2.07
Common Stock	4.58	-20.03	-15.45
Total Fund	7.24	- 6.96	.29

Teachers' Retirement Fund  
Time Weighted Percentage Rates of Return

	<u>Income</u>	<u>Appreciation</u>	<u>Total</u>
Fixed Income	7.54	- 6.70	.84
Common Stock	5.18	-17.04	-11.87
Total Fund	7.24	- 7.96	-.72

Comparative Performance  
400 Funds from A. G. Becker

Top 25% Fund      Median Fund

Fixed Income	6.84	2.10
Common Stock	-14.61	-19.32
Total Fund	-10.14	-13.25

Indices

Standard and Poor's 500 Stock Average	-14.52%
High Grade Corporate Bond Index, Salomon Brothers	- 7.23%

STATE OF ALASKA

The relatively strong performance by the two Alaska Retirement Funds were achieved by having less than average common stock commitments, approximately 15%, and by reasonably active fixed income management. During fiscal 1974 investments in utility bonds were reduced in view of regulatory and energy problems. New investments in bonds were generally limited to U. S. Treasury and Federal agency obligations and high grade industrial bonds. During the latter half of the fiscal year new commitments were extremely limited. New funds were largely invested in short term high yielding money market instruments.

Last year legislation was passed authorizing the retirement funds to purchase mortgages guaranteed by the Federal Veterans' Administration, mortgages insured by private insurance companies, and non-insured conventional residential mortgages on a participation basis with the originating Alaska financial institution. These loans offer safe investments and high earnings for the retirement funds without the burden of servicing and administration.

The method of accounting for mortgages was changed from a par value to cost basis. This change resulted in a change decreasing income by the amount of unearned purchase premium of \$592,070 for Teachers and \$652,078 for Public Employees' Retirement Funds.

This year the Treasury Division has developed appraised values for the mortgage portfolios. Approximate market values have thereby been established for the year end tabulation. However, for performance measurement they were valued at cost which is consistent with the valuation throughout the year.

## STATE OF ALASKA

RETIREMENT FUNDS  
Combined Balance Sheet  
June 30, 1974

	Total	Public Employees' Retirement Fund	Teachers' Retirement Fund
<b><u>ASSETS</u></b>			
Current Assets:			
Cash in Treasury	\$ 155,959	\$ 10,080	\$ 145,879
Investments:			
Cash Pending Investments	\$ 74,056	\$ 61,877	\$ 12,178
Certificates of Deposit and Savings Accounts	5,475,000	1,525,000	3,950,000
Commercial Paper	3,057,431	3,057,431	
Common and Preferred Stocks	26,852,932	13,129,441	13,723,491
Conventional Mortgages	371,425		371,425
Corporate Bonds	45,778,187	22,537,289	23,240,898
Government Bonds and Agencies	35,756,908	16,971,826	18,785,082
Small Business Administration Loans	15,471,336	7,329,906	8,141,430
Mortgages (FHA)	27,928,447	15,066,701	12,861,745
Municipal Bonds	100,641	35,224	65,416
Repurchase Agreements	16,378,618	8,881,770	7,496,847
Other Private Placements	2,000,000	1,000,000	1,000,000
Total Investments	\$179,244,984	\$ 89,596,468	\$ 89,794,395
Total Current Assets	<u>\$179,400,944</u>	<u>\$ 89,606,549</u>	<u>\$ 89,794,395</u>
<b><u>LIABILITIES, EQUITIES AND RESERVE</u></b>			
Current Liabilities:			
Deposits in Trust	\$ (97,730)	\$	\$ (97,730)
Equities:			
Members' Equities	\$ 59,682,838	\$ 22,098,253	\$ 37,584,584
Employers' Equities	102,123,236	58,153,181	43,970,054
Retirement Reserve	17,692,600	9,355,113	8,337,486
Total Equities and Reserve	<u>\$179,498,675</u>	<u>\$ 89,606,549</u>	<u>\$ 89,892,126</u>
Total Liabilities, Equities and Reserve	<u>\$179,400,944</u>	<u>\$ 89,606,549</u>	<u>\$ 89,794,395</u>

STATE OF ALASKA  
RETIREMENT FUNDS  
Combined Statement of Operations  
For Fiscal Year Ended June 30, 1974

	Total	Public Employees' Retirement Fund	Teachers' Retirement Fund
Beginning Equities, July 1, 1973	\$149,966,514	\$ 75,985,123	\$ 73,981,391
Additions:			
Members' Contributions	16,382,507	7,674,133	8,708,374
State and Employers' Contributions	18,131,104	9,439,931	8,691,173
Interest Earned on Members' Indebtiedness	90,881	8,708	82,173
Interest Earned on Investments	5,312,412	1,658,266	3,654,145
Total Additions	<u>\$ 39,916,906</u>	<u>\$ 18,781,039</u>	<u>\$ 21,135,866</u>
Beginning Balance and Additions	<u>\$189,883,421</u>	<u>\$ 94,766,163</u>	<u>\$ 95,117,257</u>
Deductions:			
Administrative Expenses	\$ 501,989	\$ 241,626	\$ 260,363
Members' Contributions and Interest Refunded	3,754,097	2,334,265	1,419,832
Interest Credited to Members' Accounts	869,079	869,079	
Retirement Benefits Paid	5,357,309	1,714,642	3,642,667
Total Deductions	<u>\$ 10,482,476</u>	<u>\$ 5,159,614</u>	<u>\$ 5,322,862</u>
Ending Equities, June 30, 1974	<u>\$179,400,944</u>	<u>\$ 89,606,549</u>	<u>\$ 89,794,395</u>

STATE OF ALASKA

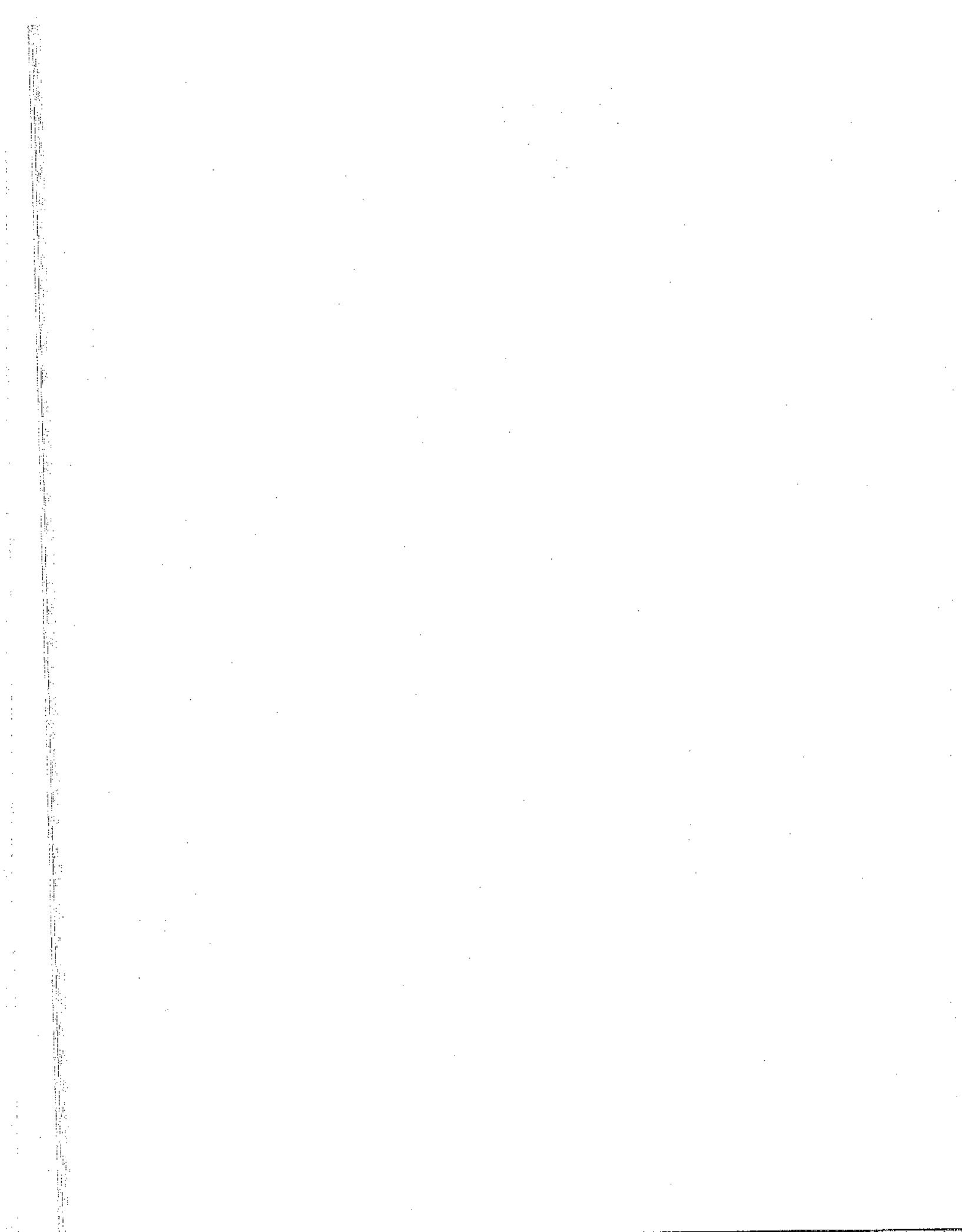
P U B L I C   E M P L O Y E E S

R E T I R E M E N T

F U N D

BOARD MEMBERS

<u>Name</u>	<u>Term Expires</u>
C. R. "Steve" Hafling, Chairman	June 20, 1978
Robert L. Anderson	December 14, 1978
Kathleen Berry	October 26, 1977
Joseph Franich	June 20, 1976
Morgan W. Reed	June 20, 1980



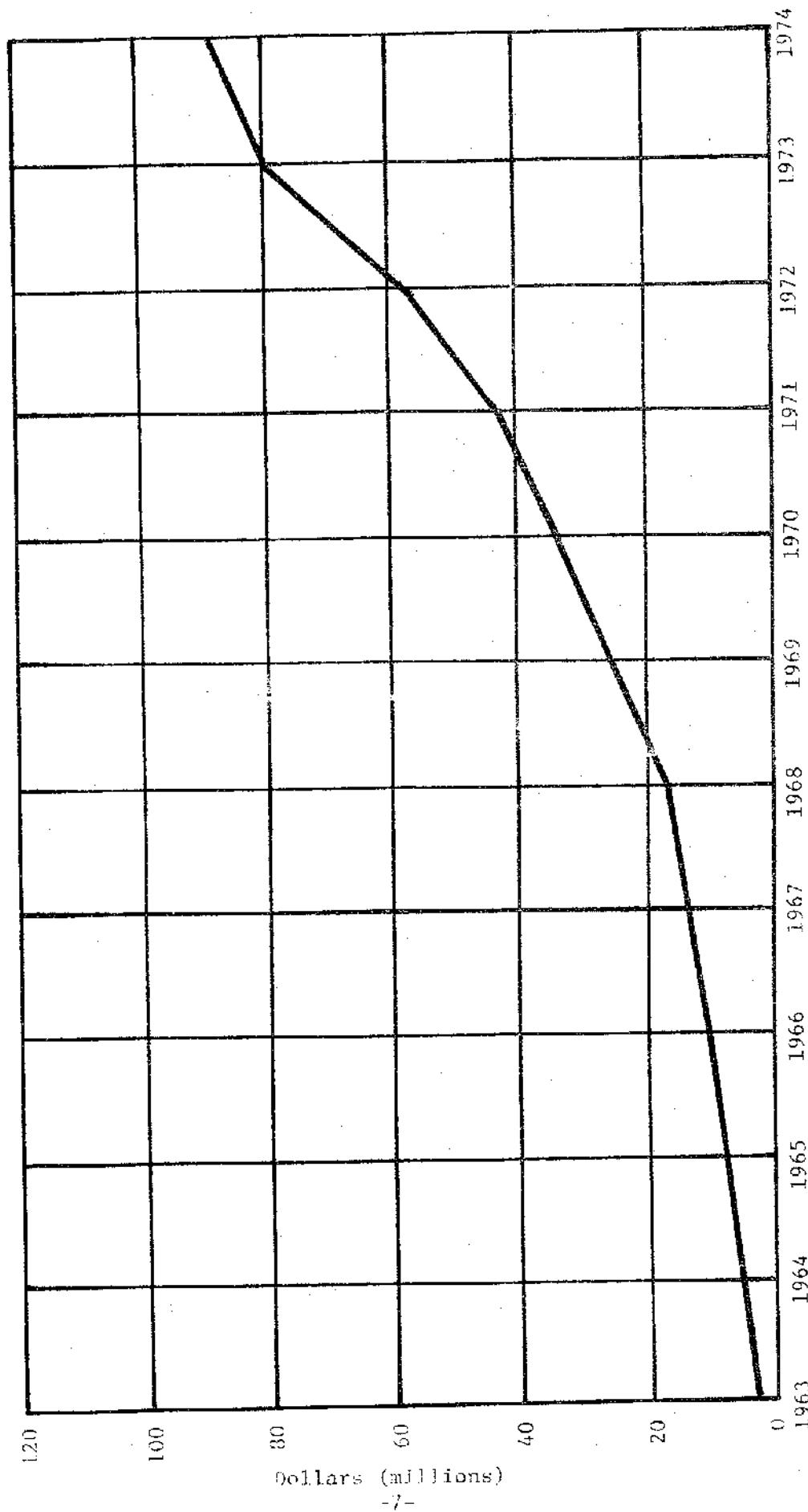
STATE OF ALASKA

**PUBLIC EMPLOYEES' RETIREMENT FUND**  
**Historical Data**  
**Fiscal Years 1963 through 1974**  
 (cents omitted)

Fiscal Year	Employers' Contributions During Fiscal Year		Members' Contributions During Fiscal Year		Benefits Paid Including Death Benefits		Contributions and Interest Refunded During Fiscal Year		Investment Income During Fiscal Year
	Assets Fiscal Year End	Assets Fiscal Year End	Members' Contributions During Fiscal Year	Members' Contributions During Fiscal Year	Benefits Paid	Refunded During Fiscal Year	Members' Contributions and Interest Refunded During Fiscal Year	Members' Contributions and Interest Refunded During Fiscal Year	
1963	\$ 4,120,608	\$ 1,206,864	\$ 554,933	\$ 23,638	\$ 158,141	\$ 94,481			
1964	6,062,891	1,395,748	617,973	36,533	221,260	174,052			
1965	8,127,439	1,418,567	668,626	42,714	233,321	263,758			
1966	10,799,627	1,650,980	700,891	45,142	277,582	390,773			
1967	13,127,498	1,580,520	567,799	54,620	359,975	560,279			
1968	16,179,278	2,459,200	597,580	72,767	704,463	675,866			
1969	22,497,780	3,854,514	1,917,650	139,360	410,490	1,035,935			
1970	29,293,897	2,763,176	2,728,332	200,236	561,178	1,687,211			
1971	41,444,559	7,408,647	3,568,932	315,390	882,218	1,756,740			
1972	57,285,001	9,957,962	4,677,640	565,551	1,144,434	3,252,779			
1973	80,116,285	15,269,037	6,636,276	1,120,276	1,643,831	3,345,726			
1974	89,606,549	9,439,931	7,674,133	2,334,265	1,714,642	1,658,266			

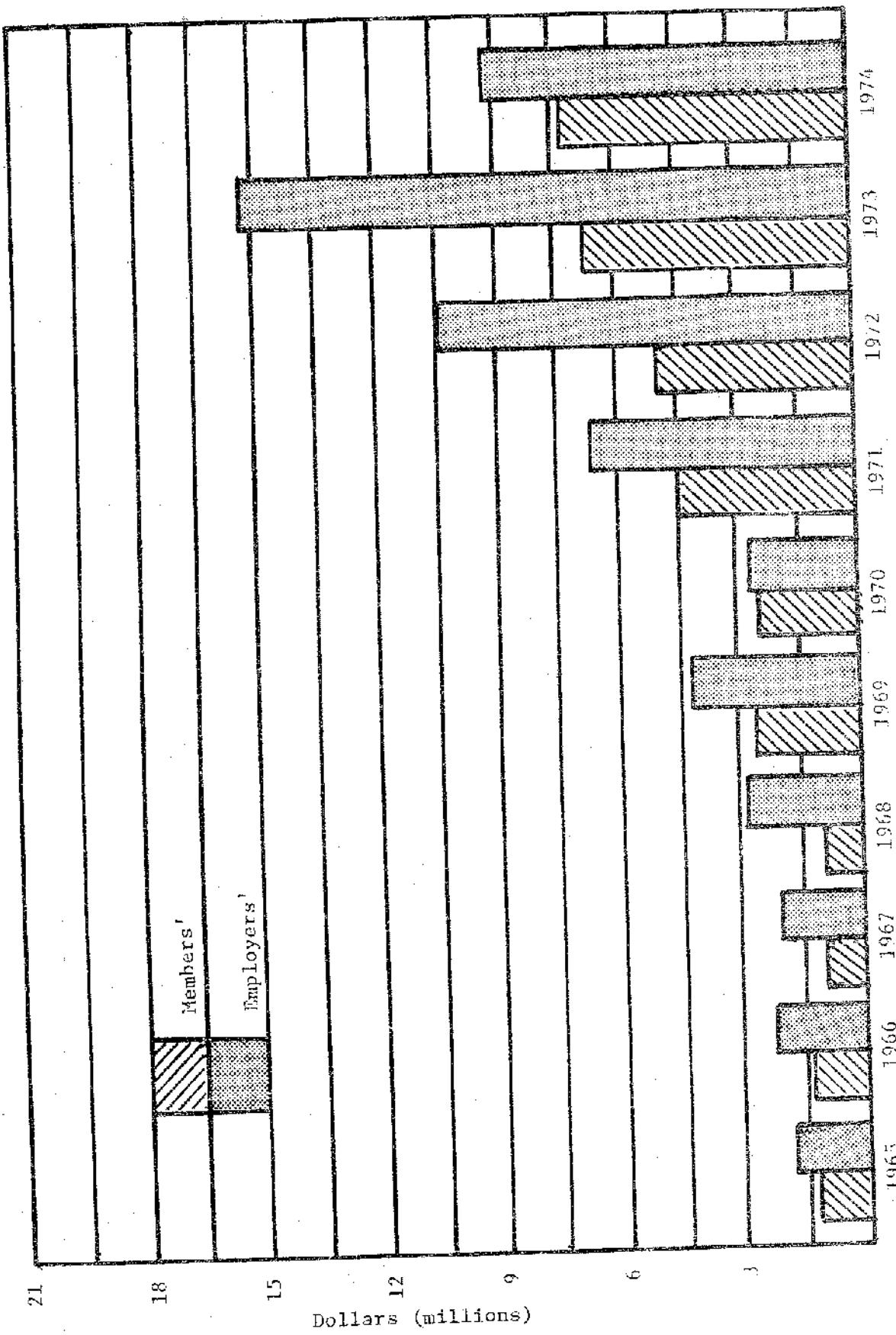
STATE OF ALASKA

PUBLIC EMPLOYEES' RETIREMENT FUND  
Total Assets  
Fiscal Years 1963 through 1974



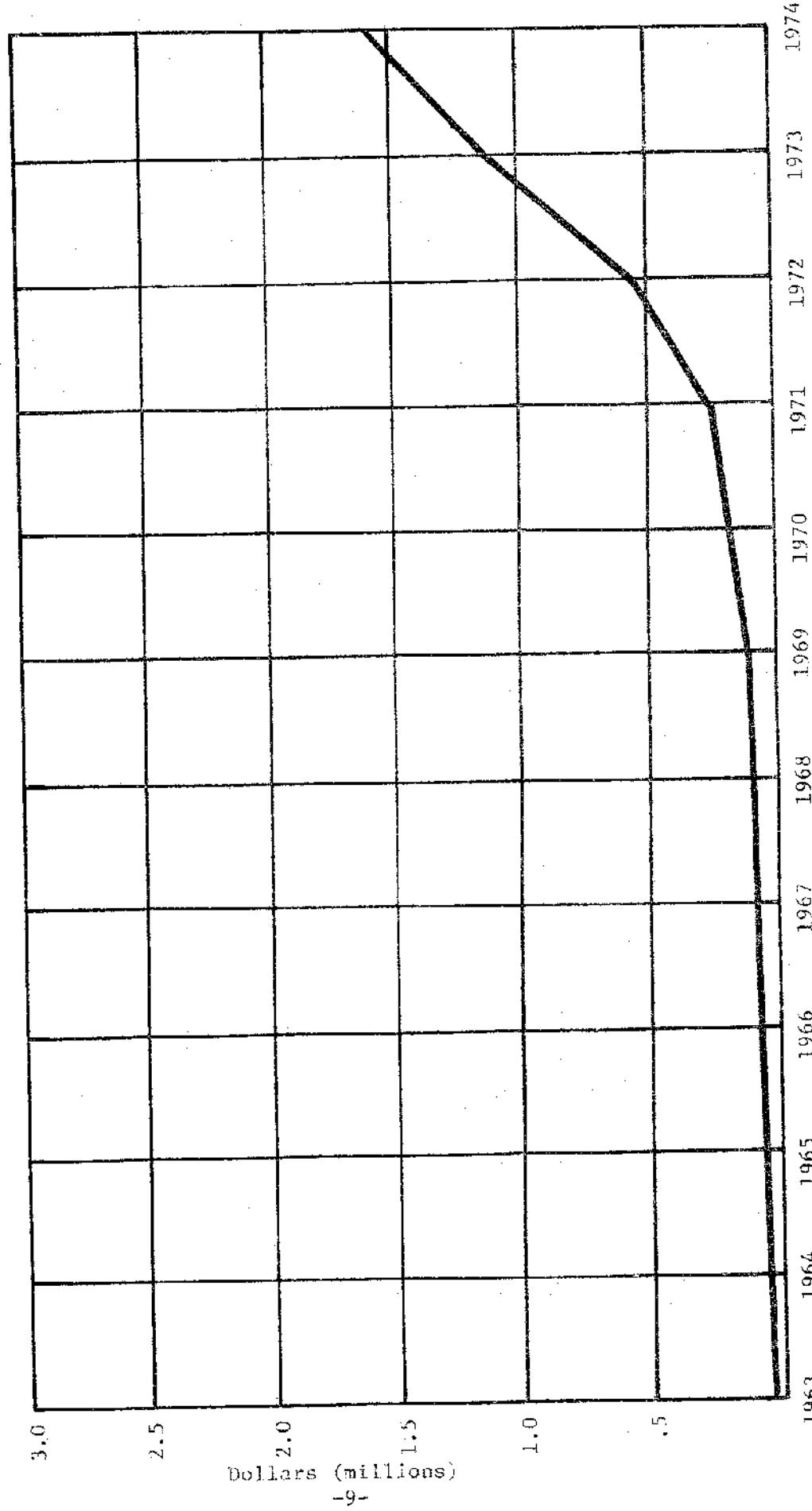
STATE OF ALASKA

PUBLIC EMPLOYEES' RETIREMENT FUND  
Members' and Employers' Contributions  
Fiscal Years 1965 through 1974



STATE OF ALASKA

PUBLIC EMPLOYEES' RETIREMENT FUND  
Benefits Paid  
Fiscal Years 1963 through 1974



STATE OF ALASKA  
PUBLIC EMPLOYEES' RETIREMENT FUND  
Comparative Balance Sheet

	<u>Fiscal Year Ended</u>	
	<u>June 30,</u>	<u>June 30,</u>
	<u>1974</u>	<u>1973</u>
<b><u>ASSETS</u></b>		
Current Assets:		
Cash in Treasury	\$ 10,080	\$ 520,477
Investments:		
Cash Pending Investments	\$ 61,877	\$
Certificates of Deposit and Savings Accounts	1,525,000	12,260,428
Commercial Paper	3,057,431	900,488
Common and Preferred Stock	13,129,441	16,928,194
Convertible Bonds	22,436,289	287,386
Corporate Bonds	16,971,826	17,086,995
Government Bonds and Agencies	15,066,701	13,244,813
Mortgages (FHA and VA)	782,807	15,246,109
Mortgages (State Veterans Affairs)	35,244	35,224
Municipal Bonds	7,329,906	2,823,259
Small Business Administration Loans	8,881,770	
Repurchase Agreements	1,000,000	
Other Private Placements	\$89,596,468	\$79,595,808
Total Investments	<u>\$89,606,549</u>	<u>\$80,116,285</u>
Total Current Assets	<u>\$89,606,549</u>	<u>\$80,116,285</u>
<b><u>LIABILITIES, EQUITIES AND RESERVE</u></b>		
Current Liabilities:		
Federal Insurance Contributions Act - Payable (State)		\$ 6,477,864
Federal Insurance Contributions Act - Payable (Political Subdivisions)		(2,346,702)
Total Current Liabilities		<u>\$ 4,131,161</u>
Equities:		
Members' Equities by Employer:		
Air National Guard	\$ 2	\$ 2,811
Alaska Municipal League	4,626	1,014,643
Anchorage Borough Schools	1,358,053	34
Army National Guard	20	358,651
City and Borough of Juneau	450,700	220,713
City of Anchorage	414,884	305,753
City of Fairbanks	7,540	4,447
City of Haines		

## STATE OF ALASKA

PUBLIC EMPLOYEES' RETIREMENT FUND  
Comparative Balance Sheet

Fiscal Year Ended	
<u>June 30,</u>	<u>June 30,</u>
<u>1974</u>	<u>1973</u>

LIABILITIES, EQUITIES AND RESERVE

## Equities - Continued:

## Members' Equities by Employer - Continued:

City of Homer	\$ 57,033	\$ 1,351
City of Kenai	68,710	52,067
City of Kodiak	81,373	55,105
City of Sitka	4,185	1,228
City of Skagway	4,382	2,503
City of Soldotna	17,326	7,326
City of Valdez	7,617	
City of Wrangell	140,481	108,948
Fairbanks Public Utilities	19,774	12,503
Gateway Borough	872,597	554,812
Greater Anchorage Area Borough		2,530
Greater Sitka Borough	111,114	98,160
Juneau Borough Schools		12
Kenai City Light	47,877	29,538
Matanuska-Susitna Borough	69,906	55,655
Matanuska-Susitna Borough Schools	111,129	75,155
North Star Borough	233,247	165,491
North Star Borough Schools	16,117	5,510
Sitka Borough School District	225	1,638
Sitka Community Hospital	22,715	26,147
Sitka Public Utilities	16,617,139	13,386,404
State of Alaska	1,031,433	899,602
University of Alaska	107,322	88,032
University of Alaska, Geophysical Institute		
Total Members' Equities	<u>\$22,098,253</u>	<u>\$17,374,686</u>

## Employers' Equities:

Air National Guard	\$ 37,169	\$ 36,244
Alaska Municipal League	16,852	12,793
Anchorage Borough Schools	3,702,304	3,338,192
Army National Guard	70,029	68,314
City and Borough of Juneau	1,362,193	1,133,166
City of Anchorage	(272,045)	
City of Fairbanks	944,729	863,944
City of Haines	3,434	(1,532)
City of Homer	965	950
City of Kenai	202,889	163,150
City of Kodiak	116,347	128,521
City of Sitka	142,626	100,986
City of Skagway	19,789	13,056

## STATE OF ALASKA

PUBLIC EMPLOYEES' RETIREMENT FUND  
Comparative Balance Sheet

Fiscal Year Ended	
<u>June 30,</u>	<u>June 30,</u>
<u>1974</u>	<u>1973</u>

LIABILITIES, EQUITIES AND RESERVE

## Equities - Continued:

Employers' Equities - Continued:	\$ 15,609	\$ 11,950
City of Soldotna	28,761	19,303
City of Valdez	10,414	
City of Wrangell	216,749	334,402
Fairbanks Public Utilities	14,335	(41,999)
Gateway Borough	1,937,527	1,408,873
Greater Anchorage Area Borough	6,360	(13,698)
Greater Sitka Borough	304,282	298,381
Juneau Borough Schools	17,200	16,762
Kenai City Light	163,295	123,498
Matanuska-Susitna Borough	162,617	183,541
Matanuska-Susitna Borough Schools	279,381	211,904
North Star Borough	645,166	606,162
North Star Borough Schools	35,190	20,454
Sitka Borough Schools	18,064	37,527
Sitka Community Hospital	48,894	53,182
Sitka Public Utilities	44,989,430	42,014,655
State of Alaska	2,635,560	2,261,486
University of Alaska	277,055	245,917
University of Alaska - Geophysical Institute	<u>\$58,153,181</u>	<u>\$53,650,095</u>
Total Employers' Equities	<u>\$80,251,435</u>	<u>\$71,024,781</u>
Total Equities		
Reserves:	<u>\$ 9,355,113</u>	<u>\$ 4,960,342</u>
Retirement Reserves		
Total Liabilities, Equities and Reserves	<u>\$89,606,549</u>	<u>\$80,116,285</u>

## NOTE:

Market value of investments is approximately \$79,258,042 on June 30, 1974. See investment report for details. Legal Reference:  
AS 39.35.110

STATE OF ALASKA  
PUBLIC EMPLOYEES' RETIREMENT FUND  
Comparative Statement of Operations

	<u>Fiscal Year Ended</u>	
	<u>June 30,</u>	<u>June 30,</u>
	<u>1974</u>	<u>1973</u>
Beginning Equities, July 1	\$75,985,123	\$54,324,466
<b>Additions:</b>		
<b>Members' Contributions by Employer:</b>		
Air National Guard	\$ 2,310	\$ 1,919
Alaska Municipal League	505,977	454,770
Anchorage Borough Schools	(14)	19
Army National Guard	198,429	180,636
City and Borough of Juneau	224,080	
City of Anchorage	172,639	170,641
City of Fairbanks	3,817	3,124
City of Haines	(1,212)	310
City of Homer	34,059	34,548
City of Kenai	30,617	26,453
City of Kodiak	39,098	27,323
City of Sitka	4,540	1,956
City of Skagway	4,009	2,436
City of Soldotna	11,866	8,712
City of Valdez	7,818	
City of Wrangell	71,784	65,936
Fairbanks Public Utilities	15,872	8,052
Gateway Borough	489,980	428,860
Greater Anchorage Area Borough	(4,370)	65
Greater Sitka Borough	38,567	35,368
Juneau Borough Schools	(9)	23
Kenai City Light	24,417	15,743
Matanuska-Susitna Borough	30,355	26,733
Matanuska-Susitna Borough Schools	49,955	39,708
North Star Borough	115,091	75,400
North Star Borough Schools	12,522	5,582
Sitka Borough School District	3	2,479
Sitka Community Hospital	11,347	10,615
Sitka Public Utilities	5,206,160	4,513,501
State of Alaska	330,255	451,221
University of Alaska	44,158	44,128
University of Alaska, Geophysical Institute	\$ 7,674,133	\$ 6,636,275
<b>Total Members' Contributions</b>		
<b>Employers' Contributions:</b>		
Alaska Municipal League	\$ 3,851	\$ 3,705
Anchorage Borough Schools	722,265	1,271,262
City of Anchorage	887,959	
City and Borough of Juneau	243,944	437,925
City of Fairbanks	225,119	432,437
City of Haines	5,217	3,104

STATE OF ALASKA  
PUBLIC EMPLOYEES' RETIREMENT FUND  
Comparative Statement of Operations

	<u>Fiscal Year Ended</u>	
	<u>June 30,</u>	<u>June 30,</u>
	<u>1974</u>	<u>1973</u>
<b>Additions - Continued:</b>		
<b>Employers' Contributions - Continued:</b>	\$	\$
City of Homer	39,684	72,665
City of Kenai	46,011	73,034
City of Kodiak	46,225	50,102
City of Sitka	6,459	5,607
City of Skagway	3,708	3,543
City of Soldotna	10,689	14,469
City of Valdez	10,325	
City of Wrangell	99,944	173,742
Fairbanks Public Utilities	17,361	13,569
Gateway Borough	641,023	964,797
Greater Anchorage Area Borough	48,157	99,142
Juneau Borough Schools	8	
Kenai City Light	37,805	49,395
Matanuska-Susitna Borough	46,240	81,087
Matanuska-Susitna Borough Schools	65,679	93,233
North Star Borough	123,611	230,756
North Star Borough Schools	19,281	19,935
Sitka Borough Schools	5	3,527
Sitka Community Hospital	16,349	19,379
Sitka Public Utilities	5,502,804	10,327,060
State of Alaska	518,505	725,259
University of Alaska	51,689	90,710
University of Alaska, Geophysical Institute	<u>\$ 9,439,931</u>	<u>\$15,269,036</u>
Total Employers' Contributions		
Interest Earned on Reinstatements	\$ 8,708	\$ 5,915
Investment Income	<u>1,658,266</u>	<u>3,345,725</u>
Total Additions	<u>\$18,781,039</u>	<u>\$25,256,954</u>
Total Beginning Equities and Additions	<u>\$94,766,163</u>	<u>\$79,581,421</u>
<b>Deductions:</b>		
Administrative Expenses:	\$	\$
Personal Services	96,544	64,495
Travel	9,450	4,105
Contractual Services	66,231	48,120
Commodities	1,633	1,250
Equipment	1,767	1,541
Inter-Agency Service	66,000	62,809
Total Administrative Expenses	<u>\$ 241,626</u>	<u>\$ 182,322</u>

STATE OF ALASKA  
PUBLIC EMPLOYEES' RETIREMENT FUND  
Comparative Statement of Operations

	<u>Fiscal Year Ended</u>	
	<u>June 30,</u>	<u>June 30,</u>
	<u>1974</u>	<u>1973</u>
<b>Deductions - Continued:</b>		
Members' Contributions and Interest		
Refunded	\$ 2,334,265	\$ 1,643,830
Interest Credited to Members' Accounts	869,079	649,867
Retirement Benefits Paid	1,714,642	1,120,275
 Total Deductions	 \$ 5,159,614	 \$ 3,596,297
 Ending Equities June 30	 <u>\$89,606,549</u>	 <u>\$75,985,123</u>

## STATE OF ALASKA

PUBLIC EMPLOYEES' RETIREMENT FUND  
Stock Dividend  
7/1/73 through 6/30/74

	<u>Shares</u>	
Western Airlines Company	500	5% stock dividend

Stocks Purchased  
7/1/73 through 6/30/74

<u>Issue</u>	<u>Shares</u>	<u>Total Cost</u>
American Home Inc.	12,000	\$ 498,420
American Hospital Supply Company	16,000	631,788
Atlantic Richfield Company	6,000	608,888
Caterpillar Tractor Company	10,000	641,959
Citicorp.	13,000	535,837
Coca Cola Company	2,000	250,940
Dresser Industries, Inc.	7,000	435,893
DuPont E. I. DeNemours	3,600	605,477
Eastman Kodak Company	3,000	348,374
Georgia Pacific Company	15,000	655,359
Indianapolis Power & Light Company	7,000	151,972
International Business Machines	3,000	725,105
S. S. Kresge Company	16,000	554,760
J. C. Penney Company	8,000	600,506
M.G.I.C. Corporation	15,000	669,776
Merck, Inc.	7,000	556,385
Raytheon Corporation	15,000	473,222
Squibb & Company	14,000	610,697
Western Airlines	10,000	99,971
<b>Total</b>		<b>9,655,338</b>

STATE OF ALASKA  
 PUBLIC EMPLOYEES' RETIREMENT FUND  
 Common Stock Sales  
 7/1/73 through 6/30/74

<u>Issue</u>	<u>Shares</u>	<u>Cost</u>	<u>Proceeds</u>	<u>Gain or (Loss)</u>
Aetna Life & Casualty Company	10,000	\$ 624,274	\$ 653,475	\$ 29,200
Allegheny Power Systems	17,000	361,865	320,571	(41,293)
Aluminum Company of Alaska	7,000	369,958	452,766	82,808
Baltimore Gas & Electric Company	12,000	365,477	270,362	(95,114)
Campbell Soup Company	18,000	604,120	653,870	49,749
Celanese Corporation	16,000	871,853	485,806	(386,046)
Central Illinois Public Service Co.	15,000	302,445	215,782	(86,662)
Certain-Teed Products	1,658	40,095	23,645	(16,449)
Continental Can Company	23,000	722,513	567,071	(155,442)
Continental Corporation	11,360	441,012	423,506	(17,505)
Continental Telephone Company	30,000	628,332	547,266	(81,066)
Dover Corporation	1,600	87,462	64,547	(22,915)
Exxon Corporation	7,000	509,745	545,286	35,541
Greyhound Bus Corporation	30,000	575,296	476,828	(98,467)
Grolier, Inc.	14,000	316,146	88,429	(227,716)
Harris Intertype	15,000	766,518	459,853	(306,665)
Illinois Central Industries	17,000	563,907	268,648	(295,258)
Indianapolis Power & Light Company	20,000	523,219	477,993	(45,225)
International Paper Company	16,000	569,072	784,702	215,630
Magnavox Company	16,000	693,423	142,525	(550,897)
Mead Corporation	40,000	741,624	711,014	(30,610)
Pacific Gas & Electric Company	16,000	505,927	389,215	(116,711)
Safeco Corporation	10,000	407,316	379,469	(27,847)
United Utilities Company	36,000	664,810	598,450	(66,359)
U. S. Freight	2,400	68,390	45,268	(23,121)
Western Bancorporation	25,000	802,529	655,914	(146,614)
Total		\$13,127,338	\$10,702,276	\$ (2,425,062)

## STATE OF ALASKA

PUBLIC EMPLOYEES' RETIREMENT FUND  
 Investment Summary at Cost  
 June 30, 1974

Cash:	
Demand Account	\$ 18,777
Savings Account	43,100
Sub-Total - Cash	<u>\$ 61,877</u>
Short Term Debt Issues:	
Repurchase Agreements	\$ 6,000,000
Commercial Paper	4,457,431
U. S. Government Issues	1,481,771
Sub-Total - Short Term Debt Issues	<u>\$ 11,939,202</u>
Fixed Income Marketable Issues:	
U. S. Government Notes	\$ 999,687
U. S. Agencies	15,972,139
Municipal Bonds	35,224
Corporate Notes and Bonds	<u>22,537,289</u>
Sub-Total - Fixed Income Marketable Issues	<u>\$ 39,544,339</u>
Fixed Income Private Placements:	
M.G.I.C. Mortgage Corporation Notes	\$ 1,000,000
FHA and VA Mortgages	15,066,701
Small Business Loans	7,329,906
Deposits with Federal Savings & Loan Associations	<u>1,525,000</u>
Sub-Total - Fixed Income Private Placements	<u>\$ 24,921,607</u>
Common Stock	<u>\$ 13,129,441</u>
Total Assets	<u>\$ 89,596,468</u>

## STATE OF ALASKA

PUBLIC EMPLOYEES' RETIREMENT FUND  
 Assets Owned  
 as of June 30, 1974

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Cost Value</u>	<u>Market Value</u>	<u>% Yield at Cost</u>
<u>Cash</u>						
Demand Account				\$ 18,777	\$ 18,777	
Savings Account	4.50			\$ 43,100	\$ 43,100	
Total - Cash				\$ 61,877	\$ 61,877	
<u>Short Term Debt Issues</u>						
-19- Repurchase Agreements:						
Manufacturers Hanover Trust	11.50	7/1/74	\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	11.50
Sub-Total			\$ 6,000,000	\$ 6,000,000	\$ 6,000,000	
Commercial Paper:						
Bank of America	11.50	7/3/74	\$ 1,400,000	\$ 1,400,000	\$ 1,400,000	11.50
Marriott Corporation	11.125	7/3/74	1,000,000	989,513	989,513	11.13
Capital Financial Services	11.25	7/9/74	30,000	29,675	29,675	11.25
Tenneco Inc.	11.125	7/9/74	100,000	99,031	99,031	11.13
Valley Bank Building	11.375	7/9/74	402,000	398,330	398,330	11.38
Cargill, Inc.	11.50	7/24/74	300,000	297,145	297,145	11.50
Florida Power & Light Company	11.50	7/24/74	48,000	47,540	47,540	11.50
FMC Corporation	11.75	7/26/74	1,040,000	1,029,836	1,029,836	11.75
Central Illinois Power & Light Co.	11.75	7/26/74	168,000	166,358	166,358	11.75
Sub-Total			\$ 4,488,000	\$ 4,457,431	\$ 4,457,431	
U. S. Agencies:						
Federal Home Loan Bank	8.75	7/25/74	\$ 1,500,000	\$ 1,481,770	\$ 1,489,455	8.86
Sub-Total			\$ 1,500,000	\$ 1,481,770	\$ 1,489,455	
Total - Short Term Debt Issues			\$ 11,988,000	\$ 11,939,201	\$ 11,946,886	

## STATE OF ALASKA

PUBLIC EMPLOYEES' RETIREMENT FUND  
 Assets Owned  
 as of June 30, 1974

Description	Coupon Rate	Maturity Date	Par Value	Cost Value	Market Value	% Yield at Cost
<b>Fixed Income Marketable Issues</b>						
U. S. Government Notes and Bonds:						
U. S. Treasury Notes	7.00	11/15/79	\$ 1,000,000	\$ 999,687	\$ 945,000	7.01
Sub-Total			\$ 1,000,000	\$ 999,687	\$ 945,000	
U. S. Government Agencies:						
Federal Home Loan Banks	7.30	5/25/83	\$ 1,000,000	\$ 1,002,130	\$ 915,000	7.28
Federal Land Banks	7.30	10/20/83	1,000,000	1,000,000	915,000	7.30
Federal National Mortgage Assn.	7.00	3/10/92	1,000,000	936,250	860,000	7.65
Federal Home Loan Banks	7.375	11/26/93	2,500,000	2,500,000	2,218,750	7.37
International Bank	8.625	8/1/95	500,000	552,500	485,000	7.63
Federal National Mortgage Assn.	7.40	10/1/97	500,000	504,687	445,000	7.33
Capital Debentures	7.10	12/10/97	1,700,000	1,604,625	1,445,000	7.61
Federal National Mortgage Assn.	7.75	7/1/13	1,500,000	1,500,000	1,342,500	7.75
Washington Metropolitan Bonds	8.15	7/1/14	1,500,000	1,496,250	1,402,500	8.17
Washington Metropolitan Bonds	5.50	9/15/98	4,515,317	3,917,194	3,521,947	6.34
Government National Mortgage Assn.	8.00	3/15/04	998,428	958,501	939,770	8.33
Government National Mortgage Assn.			\$ 16,713,745	\$ 15,972,138	\$ 14,490,467	
Sub-Total						
Municipal Bonds:						
Alaska State Development Corp.	4.80	8/1/83	\$ 35,000	\$ 35,224	\$ 29,722	4.77
Sub-Total			\$ 35,000	\$ 35,224	\$ 29,722	
Corporate Notes & Bonds - Financial:						
Avco Financial Services	7.625	12/1/97	\$ 250,000	\$ 245,237	\$ 204,687	7.77
Avco Financial Services	8.35	11/15/98	500,000	500,000	440,000	8.35
Bank of America Corp.	7.875	12/1/03	500,000	495,750	466,250	7.94

## STATE OF ALASKA

PUBLIC EMPLOYEES' RETIREMENT FUND  
 Assets Owned  
 as of June 30, 1974

Description	Coupon Rate	Maturity Date	Par Value	Cost Value	Market Value	% Yield all Cost
<b>Corporate Notes &amp; Bonds -</b>						
<b>Financial - Continued:</b>						
Beneficial Finance Corporation	7.45	2/1/2000	\$ 500,000	\$ 501,875	\$ 392,500	7.42
Citizens Mortgage Trust Company	8.50	4/15/80	500,000	494,375	315,625	8.60
General Motors Acceptance Corp.	7.85	11/1/98	500,000	500,000	440,000	7.85
General Motors Acceptance Corp.	8.00	5/1/93	500,000	495,620	460,000	8.07
Great American Mortgage Company	8.75	4/1/83	500,000	500,000	424,375	8.75
Household Financial Corporation	7.75	10/1/99	1,000,000	1,013,750	910,000	7.64
Travelers Corporation	8.70	8/1/95	250,000	270,416	241,875	8.04
Sub-Total			\$ 5,000,000	\$ 5,017,025	\$4,295,312	
<b>Corporate Notes &amp; Bonds - Industrial:</b>						
American Can Company	7.75	3/15/01	\$ 250,000	\$ 253,750	\$ 220,000	7.64
American Cyanamid Company	7.375	4/15/01	500,000	502,500	422,500	7.34
Anheuser Busch Inc.	7.95	2/1/99	650,000	653,750	617,500	7.90
Bethlehem Steel Corp.	9.00	5/15/2000	500,000	546,875	490,000	8.23
Corning Glass Works, Inc.	7.75	11/15/98	500,000	506,875	455,000	7.64
Crown Zellerbach Corp.	8.875	3/15/2000	500,000	560,000	490,000	7.92
Eaton Corporation	7.875	12/1/03	490,000	490,000	448,350	7.83
Ford Motor Company	7.85	1/15/94	500,000	500,000	480,000	7.85
International Harvester Co.	8.625	9/1/95	790,000	790,000	716,250	8.19
Nabisco, Inc.	9.00	6/15/04	400,000	396,800	381,000	9.07
Owens Illinois Company	7.75	11/1/03	1,025,000	1,024,375	902,000	7.75
Pfizer, Inc.	7.625	4/1/01	750,000	753,750	603,750	7.59
Phillip Morris, Inc.	8.50	4/15/99	500,000	496,250	495,000	8.56
RCA Corporation	8.875	6/1/90	500,000	496,875	476,250	8.93
	9.250	6/1/90	500,000	550,312	500,625	8.40

## STATE OF ALASKA

PUBLIC EMPLOYEES' RETIREMENT FUND  
 Assets Owned  
 as of June 30, 1974

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Cost Value</u>	<u>Market Value</u>	<u>% Yield at Cost</u>
<u>Fixed Income Marketable Issues - Continued</u>						
Corporate Notes & Bonds - Industrial						
Continued:						
Shawmut Association	8.625	3/1/99	\$ 500,000	\$ 496,250	\$ 468,750	8.69
Shell Oil Company	7.25	2/15/02	500,000	487,417	425,000	7.44
The Singer Company	8.00	1/15/99	1,000,000	984,375	908,750	8.13
Texaco Inc.	7.75	6/1/01	500,000	505,312	449,375	7.67
Union Tank Car Equipment	6.00		1,160,000	1,034,604	852,600	6.73
Sub-Total			\$12,015,000	\$12,030,072	\$10,802,700	
Corporate Notes & Bonds - Utilities:						
Commonwealth Edison	7.625	6/1/03	\$ 1,000,000	\$ 994,000	\$ 895,000	7.67
Houston Light & Power Company	8.125	2/1/04	500,000	508,790	470,000	7.98
Illinois Bell Telephone Company	8.00	12/10/04	500,000	500,000	441,250	8.00
Illinois Bell Telephone Company	7.625	4/1/06	300,000	297,327	261,000	7.69
International Tel. & Tel.	8.90	10/1/95	1,500,000	1,683,750	1,380,000	7.93
Mountain States Tel. & Tel.	7.75	6/1/13	250,000	250,000	215,000	7.75
Pacific Gas & Electric Company	7.50	6/1/04	500,000	496,950	415,000	7.55
Pacific Gas & Electric Company	7.75	6/1/05	250,000	248,125	197,812	7.81
Tampa Electric Company	8.50	1/15/04	500,000	511,250	470,625	8.31
Sub-Total			\$ 5,300,000	\$ 5,490,192	\$ 4,745,687	
Total - Corporate Notes & Bonds			\$22,315,000	\$22,537,289	\$19,843,699	
Total - Fixed Income Marketable Issues					\$35,308,888	
Fixed Income Private Placements						
M.G.I.C. Mortgage Corporation Notes	7.75	12/15/77	\$1,000,000	\$ 1,000,000	\$ 990,000	7.75
Sub-Total			\$1,000,000	\$ 1,000,000	\$ 990,000	

## STATE OF ALASKA

PUBLIC EMPLOYEES' RETIREMENT FUND  
 Assets Owned  
 as of June 30, 1974

Description	Coupon Rate	Balance Due	Cost Value	Market Value	% Yield at Cost
<b>FHA and VA Mortgages From:</b>					
Alaska Mutual Savings Bank, Anchorage	6.75	\$ 123,994	\$ 116,542	\$ 91,776	7.07
Alaska Mutual Savings Bank, Anchorage	7.50	702,768	664,116	557,724	7.77
Alaska Mutual Savings Bank, Anchorage	8.50	195,727	195,727	178,679	8.00
Alaska National Bank, Fairbanks	7.50	169,308	169,308	142,185	7.13
Alaska National Bank, Fairbanks	8.00	446,802	446,802	393,142	7.63
Alaska National Bank, Fairbanks	8.50	382,825	382,825	349,481	8.13
Alaska State Bank, Anchorage	5.25	295,993	281,194	192,056	5.20
Alaska State Bank, Anchorage	6.00	441,216	424,318	312,001	5.20
Alaska State Bank, Anchorage	6.75	109,930	103,323	81,368	7.07
Alaska State Bank, Anchorage	7.00	2,349,380	2,226,038	1,791,738	7.34
Alaska State Bank, Anchorage	7.50	593,428	565,715	475,088	7.65
Alaska State Bank, Anchorage	7.50	73,829	72,316	60,731	7.41
Alaska State Bank, Anchorage	8.00	193,534	196,921	173,271	7.29
Alaska State Bank, Anchorage	8.50	459,215	482,176	440,179	7.41
Alaska State Bank, Anchorage	8.50	258,964	273,207	249,411	7.48
Coast Mortgage Company, Anchorage	5.25	29,237	27,775	18,970	5.21
Coast Mortgage Company, Anchorage	5.75	214,449	205,871	147,774	5.63
Coast Mortgage Company, Anchorage	6.00	282,892	272,057	200,064	6.00
Coast Mortgage Company, Anchorage	7.00	1,023,599	973,443	783,525	7.30
Coast Mortgage Company, Anchorage	7.50	318,882	298,091	250,337	7.92

Fixed Income Private Placements -  
 Continued

123

## STATE OF ALASKA

PUBLIC EMPLOYEES' RETIREMENT FUND  
 Assets Owned  
 as of June 30, 1974

<u>Description</u>	<u>Coupon Rate</u>	<u>Balance Due</u>	<u>Cost Value</u>	<u>Market Value</u>	<u>% Yield at Cost</u>
<u>Fixed Income Private Placements - Continued:</u>					
FHA and VA Mortgages From - Continued:					
First National Bank of Anchorage	5.25	\$ 588,648	\$ 561,616	\$ 383,584	5.16
First National Bank of Anchorage	5.50	55,000	53,350	37,367	5.28
First National Bank of Anchorage	5.75	70,256	71,310	51,187	5.11
First National Bank of Anchorage	7.00	508,265	479,802	386,193	7.39
First National Bank of Anchorage	7.50	1,111,542	1,039,070	872,611	7.92
First National Bank of Anchorage	8.50	1,905,028	880,321	803,645	8.39
National Bank of Alaska, Anchorage	5.25	60,556	55,106	37,637	5.61
National Bank of Alaska, Anchorage	6.00	1,000,299	944,282	694,331	6.24
National Bank of Alaska, Anchorage	7.00	908,810	864,246	695,632	7.30
National Bank of Alaska, Anchorage	7.00	944,766	869,185	699,607	7.37
National Bank of Alaska, Anchorage	7.50	59,378	58,546	49,168	7.32
National Bank of Alaska, Anchorage	8.50	805,620	791,441	722,507	8.25
National Bank of Alaska, Anchorage	5.25	20,647	20,647	14,102	4.75
National Bank of Alaska, Anchorage		<u>\$15,704,803</u>	<u>\$15,066,701</u>	<u>\$12,337,051</u>	
Sub-Total					
<u>Small Business Loans:</u>					
Alaska Bank of Commerce, Anchorage	11.00	\$ 109,320	\$ 109,320	\$ 113,005	10.50
Alaska State Bank, Anchorage	10.50	159,015	159,015	159,015	10.00
Alaska State Bank, Anchorage	10.25	107,600	107,600	105,792	9.75
Alaska State Bank, Anchorage	9.00	31,938	31,938	28,821	8.50
Alaska State Bank, Anchorage	11.00	123,765	123,765	127,936	10.50
Alaska State Bank, Anchorage	8.75	199,846	199,846	177,144	8.25
Alaska State Bank, Anchorage	8.00	560,817	560,817	469,740	7.50

## STATE OF ALASKA

PUBLIC EMPLOYEES' RETIREMENT FUND  
 Assets Owned  
 as of June 30, 1974

<u>Description</u>	<u>Coupon Rate</u>	<u>Balance Due</u>	<u>Cost Value</u>	<u>Market Value</u>	<u>% Yield at Cost</u>
<b>Fixed Income Private Placements -</b>					
Continued					
Small Business Loans - Continued:					
National Bank of Alaska, Anchorage	8.00	\$ 2,594,242	\$ 2,594,242	\$ 2,172,938	7.50
National Bank of Alaska, Anchorage	9.50	563,919	563,919	527,095	9.00
National Bank of Alaska, Anchorage	8.75	195,604	195,604	173,384	8.25
National Bank of Alaska, Anchorage	9.00	280,106	280,106	252,768	8.50
National Bank of Alaska, Anchorage	9.75	252,642	252,642	240,263	9.25
National Bank of Alaska, Anchorage	10.00	326,657	326,657	315,650	9.50
National Bank of Alaska, Anchorage	10.50	57,022	57,022	57,022	10.00
Peoples Bank & Trust, Anchorage	8.00	1,106,453	1,106,453	926,765	7.50
Peoples Bank & Trust, Anchorage	8.25	5,946	5,946	5,082	7.75
Peoples Bank & Trust, Anchorage	9.00	193,116	193,116	174,268	8.50
Peoples Bank & Trust, Anchorage	9.25	321,121	321,121	294,950	8.75
Peoples Bank & Trust, Anchorage	8.75	140,767	140,767	124,776	8.25
Sub-Total		\$ 7,329,906	\$ 7,329,906	\$ 6,446,414	

## STATE OF ALASKA

PUBLIC EMPLOYEES' RETIREMENT FUND  
 Assets Owned  
 as of June 30, 1974

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Cost Value</u>	<u>Market Value</u>	<u>% Yield at Cost</u>
<u>Fixed Income Private Placements -</u>					
<u>Continued</u>					
Deposits with Federal Savings and Loan Associations:					
First Federal Savings & Loan Assn., Anchorage	6.50	7/9/74	\$ 425,000	\$ 425,000	6.50
First Federal Savings & Loan Assn., Anchorage	7.50	3/28/75	150,000	150,000	7.50
First Federal Savings & Loan Assn., Fairbanks	7.50	10/25/74	100,000	100,000	7.50
First Federal Savings & Loan Assn., Fairbanks	7.50	12/21/74	250,000	250,000	7.50
First Federal Savings & Loan Assn., Fairbanks	6.00	2/8/75	300,000	300,000	6.00
First Federal Savings & Loan Assn., Fairbanks	7.50	2/8/75	100,000	100,000	7.50
First Federal Savings & Loan Assn., Fairbanks	7.50	5/1/78	200,000	200,000	7.50
Sub-Total			\$ 1,525,000	\$ 1,525,000	
Total - Fixed Income Private Placements			\$24,921,607	\$21,298,465	

## STATE OF ALASKA

## PUBLIC EMPLOYEES' RETIREMENT FUND

## Assets Owned

as of June 30, 1974

<u>Description</u>	<u>Annual Dividend</u>	<u>First Purchase Date</u>	<u>Number of Shares</u>	<u>Cost Value</u>	<u>Market Value</u>
<u>Common Stock</u>					
American Home Products Company	.708	11/14/73	12,000	\$ 498,420	\$ 483,000
American Hospital Supply Co.	.30	3/22/74	16,000	631,788	596,000
American Telephone & Telegraph Co.	3.08	4/28/71	10,000	487,865	466,250
Atlantic Richfield Company	2.00	3/20/74	6,000	608,888	528,750
Bank of America	1.32	3/25/68	20,000	742,244	622,500
Caterpillar Tractor Company	1.60	6/18/74	10,000	641,959	587,500
Citicorporation	.80	12/17/73	13,000	535,837	403,000
Coca Cola Company	2.03	12/17/73	2,000	250,940	216,000
Dresser Industries Inc.	1.40	12/17/73	7,000	435,893	304,500
duPont E. I. DeNemours	5.75	3/22/73	3,600	605,477	582,300
Eastman Kodak Company	1.28	12/17/73	3,000	348,374	311,625
Evans Products, Inc.	.40	12/13/72	26,000	554,116	172,250
General Motors Company	3.40	3/25/68	9,000	705,113	437,625
Georgia Pacific Company	.80	3/20/74	15,000	655,359	543,750
International Business Machines	5.12	3/25/68	3,000	725,105	638,250
S. S. Kresge Company	.20	3/21/74	16,000	554,760	544,000
J. C. Penney Company	1.12	3/20/74	8,000	600,506	580,000
M.G.I.C. Corporation	.10	3/21/74	15,000	669,776	221,250
Merck & Co., Inc.	1.40	5/6/74	7,000	556,385	549,500
Raytheon Corporation	.70	11/14/73	15,000	473,222	472,500
Richmond Corporation	.60	5/6/70	20,000	406,949	272,500
Southern California Edison Company	1.68	3/25/68	25,000	729,786	428,125
Squibb Corporation	1.68	3/21/74	14,000	610,697	560,000
Western Airlines Company	.40	7/31/73	10,500	99,971	120,750
Sub-Total				<u>\$13,129,441</u>	<u>\$10,641,925</u>
Grand Total - Assets Owned				<u>\$89,596,468</u>	<u>\$79,258,042</u>

# MARSH & McLENNAN

October 18, 1974

Mr. Richard W. Freer  
Commissioner of Administration  
State of Alaska  
Department of Administration  
Pouch C  
Juneau, Alaska 99801

## Actuarial Status - Alaska Public Employees' Retirement System

Dear Commissioner Freer:

This is a brief statement to outline the actuarial status of the Alaska Public Employees' Retirement System.

The actuarial valuation which we perform each year with respect to the Alaska Public Employees' Retirement System has the following objectives:

- (1) To examine the status of funding of the System.
- (2) To develop contribution rates for each participating employer in the System which are adequate to support the benefits of the System.

Based upon the actuarial method shown in Exhibit I and assumptions shown in Exhibit II, the contribution levels shown in Exhibit III are adequate to support the benefits of the System.

Although the funding levels vary by employer, the funding status of the System as a whole can be shown as follows:

(1) Present value of all benefits earned to the valuation date (December 31, 1973)	\$66,504,970
(2) Values of assets of the System	\$65,970,873
(3) Funding ratio ((2)/(1))	99.20%

This means that the assets of the System are sufficient to cover 99.20% of the liabilities for benefits earned to the date of the valuation.

# MARSH & MCLENNAN

Mr. Richard W. Freer

- 2 -

October 18, 1974

This is a very respectable funding level given the age of the System and the improvements in the System enacted since its inception. However, the level of the funding ratio in and of itself is not so significant as is the progression of these ratios on a year-by-year basis.

In summary, my opinion would be that the funding progress of the System is satisfactory to support the benefits of the System.

Respectfully submitted,

Norman S. Lask, FSA  
Actuary

NSL:rs  
Attachments

EXHIBIT I  
ACTUARIAL METHOD

The actuarial method used in this valuation is known as the Aggregate Method with Supplemental Liability. Under this method, the Consolidated Employer Contribution Rate is determined as follows:

- (1) The present value of all benefits accrued and expected to be earned in the future for non-retired participants is calculated, taking into account expected levels of mortality, turnover, disability, salary increases, and investment performance.
- (2) Such present value of benefits is reduced by the sum of:
  - (a) The present value of future employee contributions, taking into account the same items as enumerated in (1), above.
  - (b) The total liability for benefits earned to the valuation date.

The remainder is the portion of the present value of future benefits to be funded by employer contributions at the Consolidated Rate and is called the "Present Value of Future Employer Normal Costs."

- (3) The Consolidated Employer Contribution Rate is determined by dividing the Present Value of Future Employer Normal Costs by the present value of future salaries, calculated taking into account those factors enumerated in item (1) above.

MARSH & MCLENNAN

The total Employer Contribution Rate for each participating employer is the Consolidated Employer Contribution Rate plus that contribution rate sufficient to fund the unfunded accrued benefit liabilities of such employer over 40 years.

This method effectively spreads the portion of the total projected present value of benefits to be financed by future employer contributions over the expected future working lifetime of the currently covered group. It has the advantage that the effect of actuarial gains and losses (which arise from actual experience that deviates from the actuarial assumptions used) is automatically spread over this period.

**MARSH & McLENNAN**

EXHIBIT II  
ACTUARIAL ASSUMPTIONS

The following assumptions were used as the basis for the valuation included in the report:

- (1) Investment Yield: 5% per annum, net of expenses.
- (2) Assets: Valued at cost.
- (3) Experience: Active Employees
  - (a) Retirement Age - Police & Fire 55 or 20 years service.
  - Others 60 or 30 years service.
- (b) Disability - See attached Schedule I.
- (c) Separation - See attached Schedule II.
- (d) Mortality - 1951 Group Annuity Projection "C" to 1965.
- (e) Earnings Progression - 5% increase per year.
- (4) Experience: Pensioners and Beneficiaries
  - (a) Mortality - Retired - 1951 Group Annuity Projection "C" to 1965.
  - (b) Disabled - 1944 Disabled Railway Employees Select Mortality Table.
- (5) Loading: None

MARSH & MCLENNAN

Schedule I  
PUBLIC EMPLOYEES' RETIREMENT SYSTEM  
OF ALASKA

Disability Rates

All Employees

Annual Rates Per 1,000 Employees

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	.70	45	1.62
21	.71	46	1.76
22	.72	47	1.91
23	.73	48	2.07
24	.74	49	2.23
25	.75	50	2.40
26	.76	51	2.60
27	.78	52	2.86
28	.80	53	3.18
29	.82	54	3.55
30	.84	55	4.00
31	.86	56	4.59
32	.88	57	5.34
33	.90	58	6.10
34	.93	59	7.20
35	.96	60	8.43
36	.99	61	9.75
37	1.03	62	11.30
38	1.07	63	13.05
39	1.11	64	14.90
40	1.15		
41	1.20		
42	1.27		
43	1.36		
44	1.48		

MARSH & MCLENNAN

Schedule II

STATE OF ALASKA  
VALUATION TURNOVER RATES

<u>Age</u>	<u>Male</u>	<u>Female</u>
20	.3274	.3753
21	.2782	.3490
22	.2408	.3290
23	.2334	.3254
24	.2151	.3162
25	.1917	.3041
26	.1690	.2916
27	.1528	.2814
28	.1510	.2792
29	.1465	.2734
30	.1408	.2652
31	.1351	.2560
32	.1309	.2471
33	.1303	.2435
34	.1289	.2342
35	.1269	.2218
36	.1248	.2087
37	.1229	.1973
38	.1223	.1937
39	.1207	.1845
40	.1185	.1725
41	.1161	.1603
42	.1140	.1505
43	.1132	.1480
44	.1112	.1416
45	.1081	.1335
46	.1060	.1257
47	.1041	.1200
48	.1038	.1192
49	.1025	.1173
50	.1021	.1150
51	.1012	.1128
52	.1006	.1115
53	.1004	.1112
54	.0996	.1108
55	.0997	.1107
56	.0999	.1114
57	.1009	.1135
58	.1011	.1156
59	.1022	.1208
60	.1047	.1277

## EXHIBIT II

PENSION CONTRIBUTION LEVELS  
 For  
 1974-75

<u>Employer</u>	<u>Percentage or Involved Payroll</u>
Alaska Municipal League	6.89%
Anchorage Borough Schools	6.21%
City and Borough of Juneau (includes School District)	5.87%
City of Anchorage	7.83%
City of Fairbanks (includes Municipal Utilities District)	9.81%
City of Haines	5.42%
City of Kenai	5.80%
City of Kodiak	6.46%
City and Borough of Sitka (includes School District)	7.09%
City of Skagway	6.58%
City of Soldotna	6.09%
City of Valdez	6.16%
City of Wrangell	6.76%
Greater Anchorage Borough	5.78%
Ketchikan Gateway Borough	5.18%
Matanuska-Susitna Borough (includes School District)	6.84%
North Star Barough (includes School District)	8.23%
State of Alaska	5.42%
University of Alaska (includes Geophysical Institute)	5.94%

STATE OF ALASKA

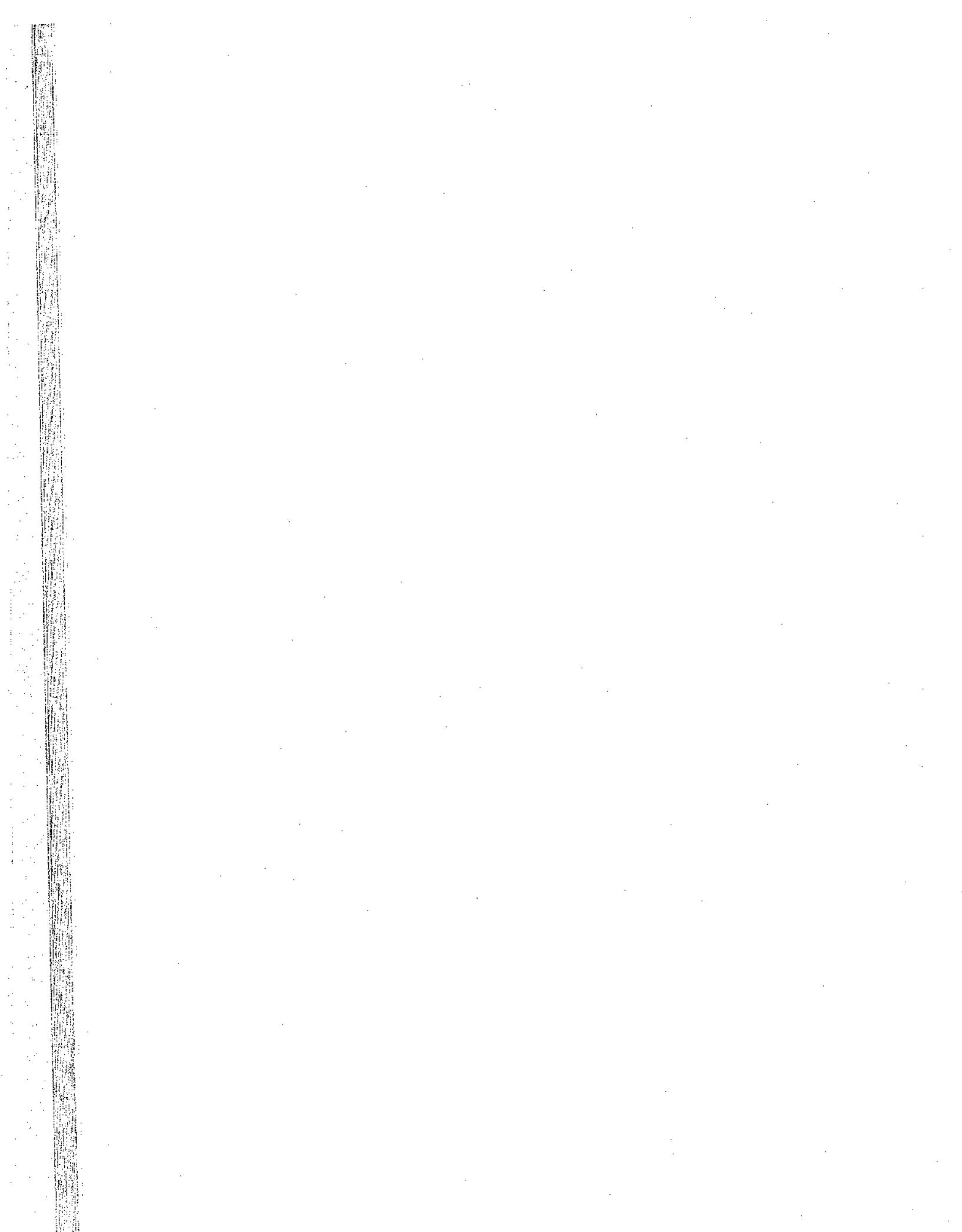
T E A C H E R S '

R E T I R E M E N T

F U N D

BOARD MEMBERS

<u>Name</u>	<u>Term Expires</u>
Jerome W. Norum, Chairman	January 31, 1976
Clifford A. Berge	January 31, 1977
Ronald E. Castle	January 31, 1975
Leah J. Peterson	July 1, 1975
Mary Ellen Walsh	July 1, 1975



STATE OF ALASKA

TEACHERS' RETIREMENT FUND

Historical Data

Fiscal Years 1963 through 1974  
(cents omitted)

Fiscal Year	Employers' Contributions During Fiscal Year			Members' Contributions During Fiscal Year			Members'		
	Assets Fiscal Year End	Employers' Contributions During Fiscal Year		Members' Contributions During Fiscal Year	Benefits Paid Including Death Benefits	Refunded During Fiscal Year	Contributions and Interest		Investment Income During Fiscal Year
		During Fiscal Year	Fiscal Year		Fiscal Year		During Fiscal Year	Fiscal Year	
1963	\$ 7,271,724	\$ 963,863	\$ 799,416	\$ 134,964	\$ 278,216	\$ 224,394			
1964	9,196,555	809,290	1,213,334	161,828	273,449	353,987			
1965	11,525,883	1,262,117	1,200,977	216,260	363,594	479,150			
1966	13,950,410	1,290,307	1,297,780	257,287	391,343	532,712			
1967	17,703,808	1,791,537	2,050,955	298,082	438,256	702,305			
1968	21,397,071	1,864,630	2,002,459	402,205	532,155	871,778			
1969	26,198,453	1,983,226	2,853,414	592,162	638,713	1,222,182			
1970	32,867,233	3,854,210	2,622,059	907,777	644,974	1,839,574			
1971	44,985,043	6,408,602	5,284,693	1,057,714	641,652	2,199,640			
1972	58,400,298	7,470,707	5,713,570	1,817,534	790,808	2,931,286			
1973	73,979,377	9,543,907	6,820,652	2,493,491	1,312,958	3,181,537			
1974	89,794,395	8,691,172	8,708,374	3,642,667	1,419,832	3,654,145			

STATE OF ALASKA

TEACHERS' RETIREMENT FUND

Total Assets

Fiscal Years 1963 through 1974

120

100

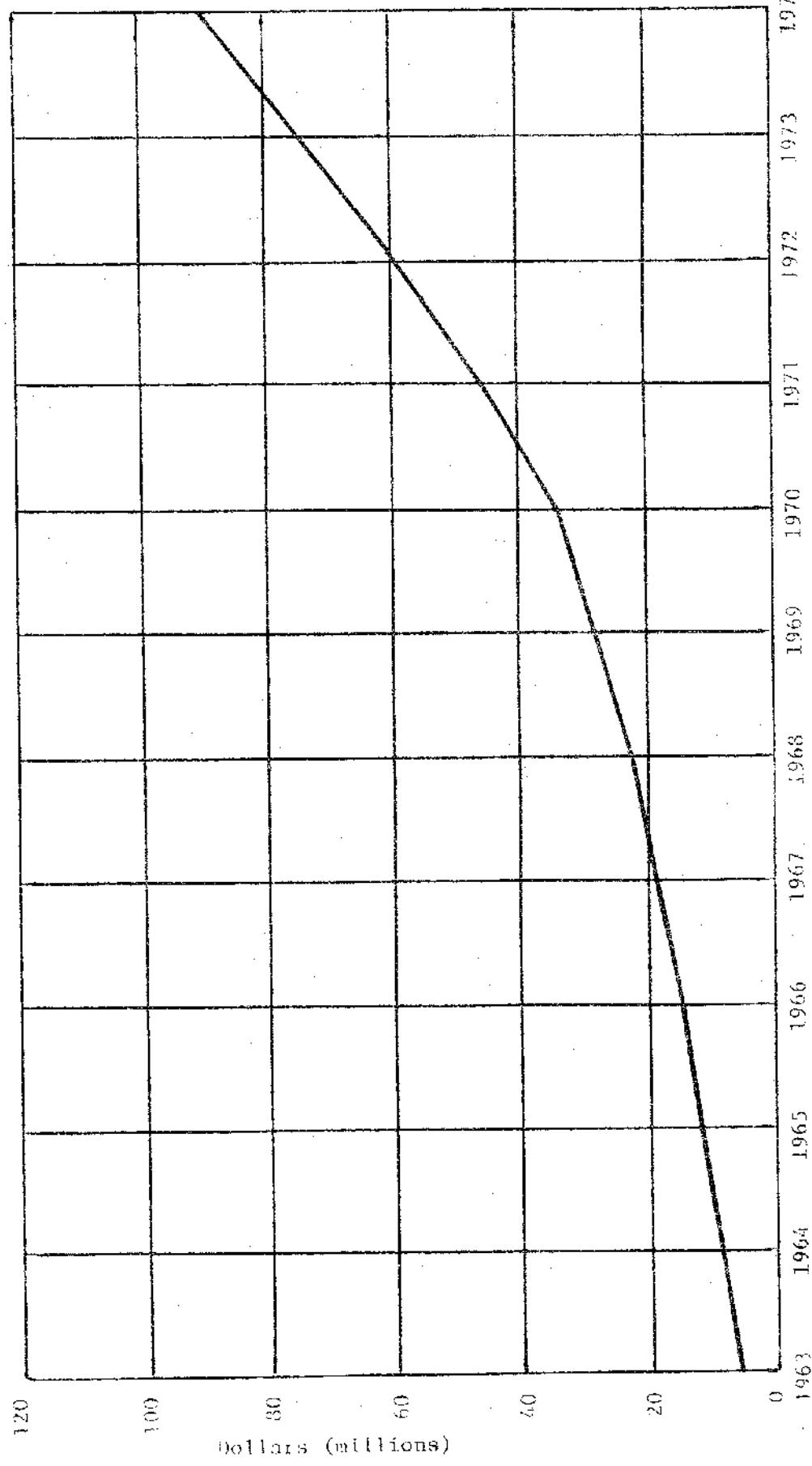
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60

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20

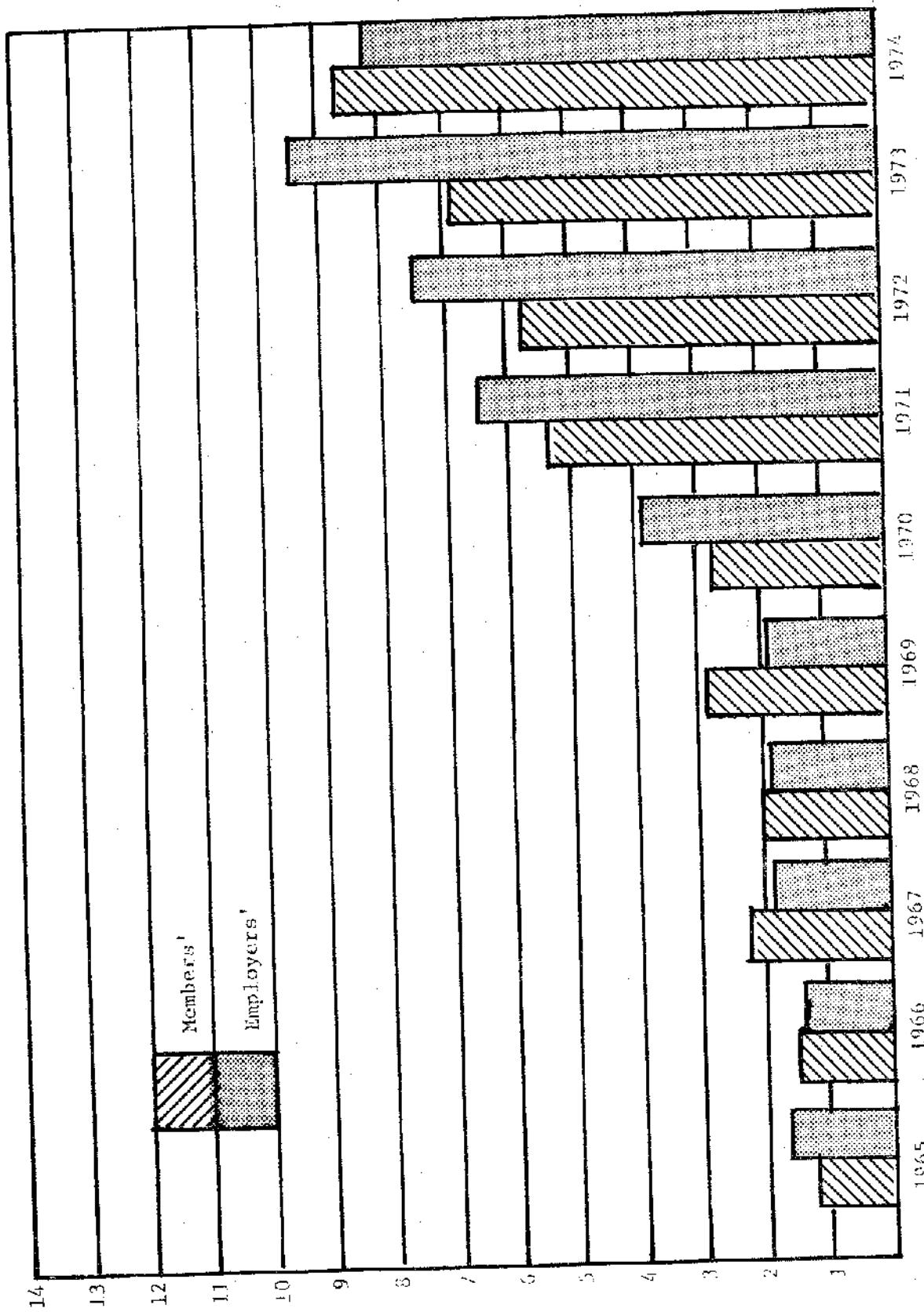
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STATE OF ALASKA

TEACHERS' RETIREMENT FUND  
Members' and Employers' Contributions  
Fiscal Years 1965 through 1974

14

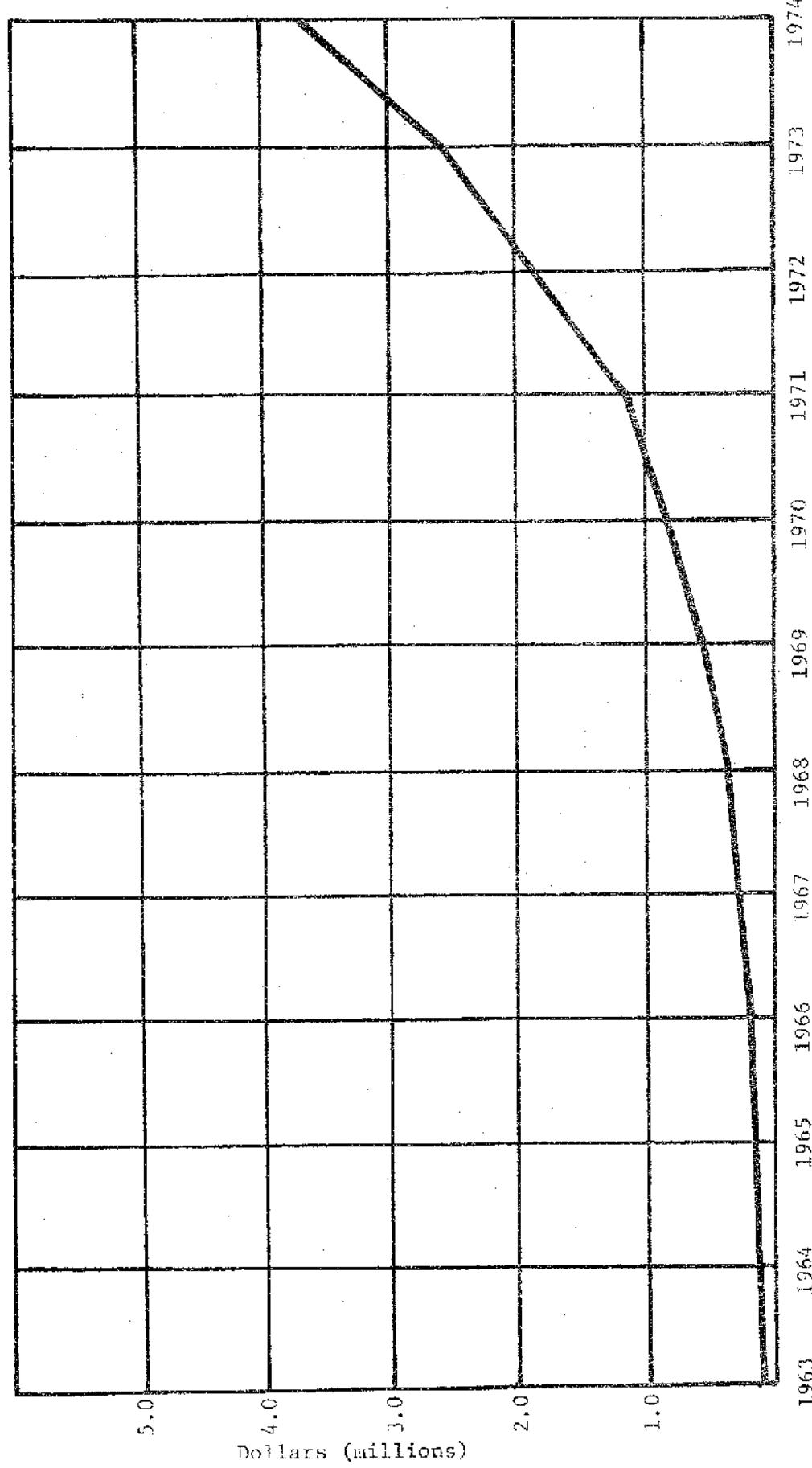


STATE OF ALASKA

TEACHERS' RETIREMENT FUND

Benefits Paid

Fiscal Years 1963 through 1974



## STATE OF ALASKA

TEACHERS' RETIREMENT FUND  
Comparative Balance Sheet

	<u>Fiscal Year Ended</u>	
	<u>June 30,</u>	<u>June 30,</u>
	<u>1974</u>	<u>1973</u>
<b><u>ASSETS</u></b>		
<b>Current Assets:</b>		
Cash in Treasury	\$ 145,879	\$ 533,666
<b>Investments:</b>		
Cash Pending Investments	\$ 12,178	\$
Certificates of Deposit and Savings Accounts	3,950,000	9,641,153
Conventional Mortgages	371,425	
Common and Preferred Stock	13,723,491	10,205,507
Convertible Issues		40,187
Corporate Bonds	23,240,898	15,269,974
Government Bonds and Agencies	18,785,082	19,860,632
Small Business Administration Loans	8,141,430	2,727,830
Mortgages (FHA)	12,861,745	14,628,533
Mortgages (Veterans Affairs)		523,299
Municipal Bonds	65,416	65,416
Repurchase Agreements	7,496,847	
Treasury Bills		483,174
Other Private Placements	1,000,000	
Total Investments	<u>\$89,648,515</u>	<u>\$73,445,711</u>
Total Current Assets	<u>\$89,794,395</u>	<u>\$73,979,377</u>
<b><u>LIABILITIES, EQUITIES AND RESERVE</u></b>		
<b>Current Liabilities:</b>		
Deposit in Trust	\$ (97,730)	\$ (2,014)
<b>Equities:</b>		
Members' Equities	37,584,584	30,081,641
Employers' Equities	43,970,054	42,071,807
Retirement Reserve	<u>8,337,486</u>	<u>1,827,941</u>
Total Liabilities, Equities and Reserve	<u>\$89,794,395</u>	<u>\$73,979,377</u>

**NOTE:**

Market value of investments is approximately \$79,950,113 on June 30, 1974. See Investment Report for details. Legal Reference:  
AS 14.25.180

## STATE OF ALASKA

TEACHERS' RETIREMENT FUND  
Comparative Statement of Operations

	Fiscal Year Ended	
	June 30, 1974	June 30, 1973
Beginning Equities, July 1	\$73,981,391	\$58,399,066
<b>Additions:</b>		
<b>Members' Contributions:</b>		
Mandatory	\$ 7,610,576	\$ 6,376,901
Reinstatement	43,823	29,162
Arrearages	565,607	186,842
Retroactive	79,573	17,186
Supplemental	329,217	210,559
Suspense Items	79,575	
Total Members' Contributions	<u>\$ 8,708,374</u>	<u>\$ 6,820,651</u>
Employers' Contributions	\$ 4,106,210	\$ 3,522,617
State Contributions:		
Mandatory	\$ 4,189,225	\$ 5,600,329
Arrearages		284,770
Retroactive		21,926
Cost of Living Allowance		114,262
State Employer	395,737	
Total State Contributions	<u>\$ 4,584,962</u>	<u>\$ 6,021,289</u>
Investments Income	\$ 3,654,145	\$ 3,181,536
Interest Earned on Members' Indebtedness	\$ 82,173	\$ 66,838
Total Additions	<u>\$21,135,866</u>	<u>\$19,612,932</u>
Total Beginning Equities and Additions	<u>\$95,117,257</u>	<u>\$78,011,999</u>
<b>Deductions:</b>		
<b>Administrative Expenses:</b>		
Personal Services	\$ 98,573	\$ 82,768
Travel	9,927	5,943
Contractual Services	83,734	66,670
Commodities	2,251	1,894
Equipment	1,875	2,169
Inter-Agency Service	64,000	64,712
Total Administrative Expenses	<u>\$ 260,363</u>	<u>\$ 224,158</u>
Members' Contributions and Interest Refunded	\$ 1,419,832	\$ 1,312,958
Retirement Benefits Paid	<u>\$ 3,642,667</u>	<u>\$ 2,493,491</u>
Total Deductions	<u>\$ 5,322,862</u>	<u>\$ 4,030,608</u>
Ending Equities, June 30	<u>\$82,794,395</u>	<u>\$73,981,391</u>

## STATE OF ALASKA

TEACHERS' RETIREMENT FUND  
 Stocks Purchased  
 7/1/73 through 6/30/74

<u>Issues</u>	<u>Shares</u>	<u>Total Cost</u>
Amerada Hess Corporation	3,000	\$ 87,347
American Home Products	10,000	415,097
American Metal Climax Company	8,000	313,947
Atlantic Richfield Corporation	3,500	360,949
Bankamerica Corporation	4,000	164,750
Burroughs Corporation	1,000	202,747
Chubb Corporation	7,500	312,187
Citicorp.	4,000	153,130
Columbia Broadcasting System	10,000	339,967
Commercial Satellite Company	5,000	166,175
Continental Oil Company	2,000	84,413
Delta Airlines	5,000	266,184
Dow Chemical Corporation	2,000	118,921
Federated Department Stores	5,000	218,916
Ford Motor Company	5,000	252,194
General Mills Corporation	4,000	219,419
Halliburton Company	2,000	339,746
International Business Machines Corp.	5,000	1,188,258
Lilly & Company	5,000	381,771
J. R. McDermott & Company	5,000	452,203
McDonald's Corporation	7,500	409,158
Mellon National Corporation	2,000	93,619
Monsanto Company	1,000	61,363
J. C. Penney Company	5,000	408,775
Philip Morris Company	8,000	462,794
Phillips Petroleum Company	1,600	88,438
Ryder System, Inc.	16,000	417,135
Schering-Plough	5,000	350,883
Southland Corporation	15,000	302,435
Standard Oil Company of California	6,000	185,143
Syntex Corporation	4,000	191,426
Texaco Corporation	5,000	149,707
Texas Instruments Company	700	66,163
Xerox Corporation	2,500	293,243
<b>Total</b>		<b>\$9,518,620</b>

## STATE OF ALASKA

TEACHERS' RETIREMENT SYSTEM  
Common Stock Sales  
7/1/73 through 6/30/74

<u>Issue</u>	<u>Shares</u>	<u>Cost</u>	<u>Proceeds</u>	<u>Gain or (Loss)</u>
Aetna Life & Casualty Company	6,000	\$ 389,489	\$ 448,634	\$ 59,144
Aluminum Company of America	10,000	519,491	776,359	256,868
American Electric Power Company	10,000	295,951	227,169	(68,781)
Armco Steel Corporation	10,000	221,831	197,272	(24,558)
Burroughs Corporation	500	101,373	102,474	1,100
Carrier Corporation	2,000	51,599	23,549	(28,050)
Crown Zellerbach Corporation	5,200	171,301	183,336	12,035
Dow Chemical Company	500	29,730	31,691	1,961
E. I. duPont DeNemours	2,000	284,203	358,972	74,769
Firestone Tire & Rubber Company	15,400	320,312	223,968	(96,343)
General Public Utilities	15,000	323,945	250,582	(73,362)
General Telephone & Electric Company	3,500	145,711	81,350	(64,361)
Goodyear Tire & Rubber Company	7,500	203,770	128,189	(75,581)
Ingersoll Rand Corporation	12,540	731,999	803,518	71,518
Mellon National Corporation	2,000	93,619	94,000	380
Monsanto Company	2,000	122,727	122,501	(226)
Public Service Electric & Gas Co.	3,700	138,358	73,116	(65,242)
Republic Steel Company	1,000	23,646	24,663	1,017
St. Regis Paper Company	7,500	188,649	194,116	5,466
Southern California Edison	3,500	121,219	68,458	(52,761)
U. S. Freight Company	15,000	451,901	244,904	(206,996)
U. S. Gypsum Company	3,520	133,540	70,413	(63,127)
Western Bancorporation	20,000	603,750	533,427	(70,323)
Westinghouse Electric Corporation	10,000	386,260	183,001	(203,259)
<b>Total</b>		<b>\$6,054,374</b>	<b>\$5,445,662</b>	<b>\$ (608,712)</b>

## STATE OF ALASKA

TEACHERS' RETIREMENT FUND  
Investment Summary at Cost  
June 30, 1974

Cash:	
Demand Account	\$ 10,078
Savings Account	2,100
Sub-Total - Cash	<u>\$ 12,178</u>
Short Term Debt Issues:	
Repurchase Agreements	\$ 5,409,000
Commercial Paper	1,100,000
U. S. Government Issues	987,847
Sub-Total - Short Term Debt Issues	<u>\$ 7,496,847</u>
Fixed Income Marketable Issues:	
U. S. Government Notes	\$ 999,687
U. S. Agencies	17,785,392
Municipal Bonds	65,416
Corporate Notes and Bonds	<u>23,240,899</u>
Sub-Total - Fixed Income Marketable Issues	<u>\$ 42,091,396</u>
Fixed Income Private Placements:	
M.G.I.C. Mortgage Corporation Notes	\$ 1,000,000
FHA and VA Mortgages	12,861,745
Small Business Loans	8,141,430
Conventional Loans	371,425
Deposits with Federal Savings & Loan Associations	<u>3,950,000</u>
Sub-Total - Fixed Income Private Placements	<u>\$ 26,324,603</u>
Common Stock	<u>\$ 13,723,491</u>
Total Assets	<u>\$ 89,648,515</u>

## STATE OF ALASKA

**TEACHERS' RETIREMENT FUND**  
**Assets Owned**  
**as of June 30, 1974**

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Cost Value</u>	<u>Market Value</u>	<u>% Yield at Cost</u>
<u>Cash</u>						
Demand Account				\$ 10,078	\$ 10,078	
Savings Account	4.50			2,100	2,100	
Total - Cash				\$ 12,178	\$ 12,178	
<u>Short Term Debt Issues</u>						
Repurchase Agreements:						
Manufacturers Hanover Trust	11.50	7/1/74	\$ 5,000,000	\$ 5,000,000	\$ 5,000,000	11.50
Federal National Mortgage Assn.	10.75	7/5/74	409,000	409,000	409,000	10.75
Sub-Total			\$ 5,409,000	\$ 5,409,000	\$ 5,409,000	
Commercial Paper:						
Bank of America	11.50	7/3/74	\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	11.50
Sub-Total			\$ 1,100,000	\$ 1,100,000	\$ 1,100,000	
U. S. Government Notes:						
Federal Home Loan Bank	8.75	7/25/74	\$ 1,000,000	\$ 987,847	\$ 992,970	8.86
Sub-Total			\$ 1,000,000	\$ 987,847	\$ 992,970	
Total - Short Term Debt Issues			\$ 7,509,000	\$ 7,496,847	\$ 7,501,970	
<u>Fixed Income Marketable Issues</u>						
U. S. Government Notes:						
U. S. Treasury Notes	7.00	11/15/79	\$ 1,000,000	\$ 999,687	\$ 945,000	7.01
Sub-Total			\$ 1,000,000	\$ 999,687	\$ 945,000	

## STATE OF ALASKA

## TEACHERS' RETIREMENT FUND

## Assets Owned

as of June 30, 1974

Description	Coupon Rate	Maturity Date	Par Value	Cost Value	Market Value	% Yield at Cost
<u>Fixed Income Marketable Issues - Continued</u>						
U. S. Government Agencies:						
Farmers Home Administration	6.875	8/31/77	\$ 500,828	\$ 500,828	\$ 469,526	6.88
Federal Land Banks	6.80	11/23/79	500,000	500,000	458,125	6.80
Federal National Mortgage Assn.	6.60	12/10/80	250,000	244,531	223,750	6.98
Federal Home Loan Banks	7.30	5/25/83	1,000,000	1,000,000	915,000	7.30
Federal Land Banks	7.30	10/20/83	1,000,000	1,000,000	915,000	7.30
Federal National Mortgage Assn.	7.00	3/10/92	2,000,000	1,872,500	1,720,000	7.48
Federal Home Loan Banks	7.375	11/26/93	1,500,000	1,500,000	1,331,250	7.38
Federal Home Loan Banks	8.625	8/1/95	500,000	552,500	485,000	7.81
International Bank	7.40	10/1/97	500,000	503,593	445,000	7.35
Federal National Mortgage Assn.	7.10	12/10/97	1,800,000	1,714,750	1,530,000	7.45
Federal National Mortgage Assn.	7.75	7/1/13	1,000,000	1,000,000	895,000	7.75
Washington Metropolitan Bonds	8.15	7/1/14	1,500,000	1,496,250	1,402,500	8.17
Washington Metropolitan Bonds						
Sub-Total			\$12,050,828	\$11,884,952	\$10,790,151	
Government National Mortgage Association						
Mortgage Backed Certificates:						
Pool # 2365	5.50	11/15/98	\$ 4,522,157	\$ 3,923,255	\$ 3,527,283	6.34
Pool # 1250	8.10	11/15/11	511,097	546,875	444,654	7.57
Pool # 1599	7.00	7/15/12	520,046	520,046	442,039	7.00
Pool # 2180	8.00	2/15/04	948,165	910,264	865,200	8.33
Sub-Total			\$ 6,501,465	\$ 5,900,440	\$ 5,279,176	
Sub-Total - U. S. Agencies			\$18,552,299	\$17,785,392	\$16,069,327	

## STATE OF ALASKA

## TEACHERS' RETIREMENT FUND

Assets Owned

as of June 30, 1974

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Cost Value</u>	<u>Market Value</u>	<u>% Yield at Cost</u>
<u>Fixed Income Marketable Issues - Continued</u>						
Municipal Bonds:						
Alaska State Development Corp.	4.80	8/1/83	\$ 65,000	\$ 65,416	\$ 55,198	4.77
Sub-Total			\$ 65,000	\$ 65,416	\$ 55,198	
Corporate Notes & Bonds - Financial:						
Associates Corporation of North America	3.50	4/1/77	\$ 200,000	\$ 200,000	\$ 194,000	8.50
Avco Financial Services	7.625	12/1/97	250,000	245,237	204,687	7.77
Bankamerica Corporation	7.875	12/1/03	500,000	495,750	466,250	7.94
Beneficial Finance Corporation	8.500	11/15/76	200,000	200,000	197,000	8.80
Beneficial Finance Corporation	7.45	2/1/2000	500,000	501,250	392,500	7.43
Benefit Fund Investors	8.50	4/15/80	500,000	494,375	315,625	8.60
Citizens Mortgage Investors	8.80	10/1/76	100,000	100,000	98,000	8.80
Clark Equipment Credit	6.875	2/15/77	620,000	620,050	551,800	6.88
Commercial Credit Company	6.750	2/15/80	100,000	99,500	87,000	6.87
First National Bank of Oregon	8.375	11/1/76	100,000	100,375	98,000	8.30
Ford Motor Credit Company	7.50	1/1/78	520,000	526,040	465,400	7.28
Fruehauf Finance Company	7.85	11/1/98	500,000	500,000	440,000	7.85
General Motors Acceptance Corp.	8.00	5/1/93	500,000	495,620	460,000	8.07
General Motors Acceptance Corp.	7.75	10/1/99	1,000,000	1,013,750	910,000	7.64
Household Finance Corporation	7.00	5/1/77	400,000	402,750	362,000	6.82
International Harvester Credit Co.	7.375	1/1/77	350,000	356,187	329,875	6.87
Macy Credit Corporation	6.50	4/1/79	500,000	480,125	455,000	6.77
Manufacturers Hanover Trust Company	8.125	3/1/04	1,000,000	992,500	915,000	3.19
Manufacturers Hanover Trust Company	8.50	2/1/80	500,000	500,000	375,000	8.50
B. F. Saul Real Estate	8.70	8/1/95	250,000	271,250	241,875	7.88
Travelers Corporation Debentures			\$ 8,590,000	\$ 8,594,760	\$ 7,559,012	
Sub-Total						

## STATE OF ALASKA

TEACHERS' RETIREMENT FUND  
 Assets Owned  
 as of June 30, 1974

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Cost Value</u>	<u>Market Value</u>	<u>% Yield at Cost</u>
<u>Fixed Income Marketable Issues - Continued</u>						
Corporate Notes & Bonds - Industrial:						
American Can Company	7.75	3/15/01	\$ 250,000	\$ 253,750	\$ 220,000	7.64
Anheuser Busch, Inc.	7.95	2/1/99	650,000	653,750	617,500	7.90
Atlantic Richfield Company	7.75	12/15/03	300,000	200,000	181,000	7.75
Bethlehem Steel Corporation	9.00	5/15/00	500,000	546,875	490,000	8.23
Corning Glass Works, Inc.	7.75	11/15/98	500,000	506,875	455,000	7.64
Crown Zellerbach Corporation	8.875	3/15/2000	500,000	560,000	490,000	7.92
Ford Motor Company Debentures	7.85	1/15/94	500,000	500,000	480,000	7.85
International Harvester Company	8.625	9/1/95	750,000	806,250	716,250	8.02
International Harvester Company	9.00	6/15/04	400,000	396,800	381,000	9.07
Owens Illinois, Inc.	7.625	4/1/01	250,000	251,250	201,250	7.59
Philip Morris, Inc.	8.875	6/1/04	500,000	496,875	476,250	8.93
R.C.A. Corporation	9.25	6/1/90	500,000	550,312	500,625	8.40
Shawmut Association, Inc.	8.625	3/1/99	500,000	496,250	468,750	8.69
Shell Oil Company	7.25	2/15/02	500,000	487,730	425,000	7.43
The Singer Company	8.250	4/15/76	175,000	175,000	172,375	8.25
The Singer Company	8.00	1/15/99	1,000,000	934,375	908,750	8.13
Skelly Oil Company	8.15	5/1/76	100,000	100,000	91,500	7.30
Swift & Company	7.375	3/1/78	100,000	505,312	449,375	7.67
Texaco, Inc.	7.75	6/1/01	500,000	750,000	708,232	7.02
Union Oil Company of California	6.625	6/1/98	\$ 9,125,000	\$ 9,279,000	\$ 8,410,437	
Sub-Total						
Corporate Notes & Bonds - Utilities:						
Commonwealth Edison Company	7.625	6/1/03	\$ 800,000	\$ 783,300	\$ 716,000	7.79
Dallas Power & Light Company	7.625	9/1/02	1,000,000	974,320	887,500	7.83
Detroit Edison Company Mortgages	7.00	6/15/76	220,000	223,540	207,075	6.46
Houston Light & Power Company	8.125	2/1/04	500,000	508,790	470,000	7.98
International Tel. & Tel. Company	8.90	10/1/95	500,000	553,750	460,000	8.04

## STATE OF ALASKA

TEACHERS' RETIREMENT FUND  
 Assets Owned  
 as of June 30, 1974

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Cost Value</u>	<u>Market Value</u>	<u>% Yield at Cost</u>
<u>Fixed Income Marketable Issues - Continued</u>						
<u>Corporate Notes &amp; Bonds - Utilities</u>						
Continued:						
Mountain States Tel & Tel. Co.	7.75	6/1/13	\$ 250,000	\$ 250,000	\$ 215,000	7.75
Pacific Gas & Electric Company	7.50	6/1/04	500,000	496,950	415,000	7.55
Pacific Gas & Electric Company	7.75	6/1/05	1,000,000	965,000	791,250	8.03
Southern Natural Gas Company	6.875	4/1/79	100,000	99,600	90,000	6.95
Tampa Electric Company	8.50	1/15/04	500,000	511,250	470,625	9.31
Sub-Total			\$ 5,370,000	\$ 5,366,500	\$ 4,722,450	
Total - Corporate Notes & Bonds			\$23,085,000	\$23,240,899	\$20,282,399	
<u>Total - Fixed Income Marketable Issues</u>						
<u>Fixed Income Private Placements</u>						
M.G.I.C. Mortgage Corporation Notes	7.75	12/15/77	\$ 1,000,000	\$ 1,000,000	\$ 963,480	
Sub-Total			\$ 1,000,000	\$ 1,000,000	\$ 963,480	

## STATE OF ALASKA

## TEACHERS' RETIREMENT FUND

Assets Owned

as of June 30, 1974

<u>Description</u>	<u>Coupon Rate</u>	<u>Balance Due</u>	<u>Cost Value</u>	<u>Market Value</u>	<u>% Yield at Cost</u>
<u>Fixed Income Private Placements -</u>					
<u>Continued</u>					
FHA and VA Mortgages from:					
Alaska Mutual Savings Bank, Anchorage	6.00	\$ 596,623	\$ 556,708	\$ 409,348	6.39
Alaska Mutual Savings Bank, Anchorage	6.75	269,173	252,995	199,234	7.07
Alaska Mutual Savings Bank, Anchorage	7.50	610,366	573,866	481,933	7.84
Alaska Mutual Savings Bank, Anchorage	8.00	162,993	158,120	139,130	7.92
Alaska Mutual Savings Bank, Anchorage	8.50	750,900	750,900	685,497	8.00
Alaska National Bank, Fairbanks	5.75	110,371	108,163	77,640	5.43
Alaska State Bank, Anchorage	5.25	355,493	339,141	231,633	5.19
Alaska State Bank, Anchorage	6.00	584,260	564,512	415,086	5.94
Alaska State Bank, Anchorage	7.00	423,188	402,436	323,921	7.47
Alaska State Bank, Anchorage	7.50	72,995	72,087	60,539	7.30
Alaska State Bank, Anchorage	8.50	496,068	470,172	429,220	8.76
Alaska State Bank, Anchorage	8.50	127,679	134,753	123,016	7.30
Coast Mortgage Company, Anchorage	5.25	185,009	175,758	120,043	5.21
Coast Mortgage Company, Anchorage	6.00	190,992	184,536	135,690	5.94
Coast Mortgage Company, Anchorage	7.50	365,782	351,261	294,989	7.55
Coast Mortgage Company, Anchorage	8.50	444,524	424,876	387,870	8.64
First National Bank of Anchorage	5.25	237,899	230,762	157,610	4.88
First National Bank of Anchorage	5.50	23,676	22,374	15,671	5.18
First National Bank of Anchorage	7.50	1,637,138	1,518,118	1,274,916	8.03
First National Bank of Anchorage	8.50	1,414,404	1,362,354	1,243,693	8.53
First National Bank of Anchorage		311,148	315,776	226,665	5.01
First National Bank of Ketchikan	5.25	32,350	31,059	21,214	5.12

STATE OF ALASKA

TEACHERS' RETIREMENT FUND

Assets Owned

as of June 30, 1974

<u>Description</u>	<u>Coupon Rate</u>	<u>Balance Due</u>	<u>Cost Value</u>	<u>Market Value</u>	<u>% Yield at Cost</u>
<b>Fixed Income Private Placements -</b>					
Continued:					
FHA and VA Mortgages from - Continued:					
National Bank of Alaska, Anchorage	5.25	\$ 51,678	\$ 48,836	\$ 33,355	5.30
National Bank of Alaska, Anchorage	6.00	153,946	146,680	107,854	6.12
National Bank of Alaska, Anchorage	7.00	3,407,490	3,240,523	2,608,298	7.30
National Bank of Alaska, Anchorage	7.50	151,938	151,270	127,037	7.19
National Bank of Alaska, Anchorage	8.00	209,206	216,528	190,523	7.15
Peoples Bank & Trust Co., Anchorage	7.50	59,314	57,167	48,009	7.50
Sub-Total		<u>\$13,436,617</u>	<u>\$12,861,745</u>	<u>\$10,569,634</u>	
Small Business Loans:					
Alaska National Bank of Fairbanks	8.00	\$ 803,392	\$ 803,392	\$ 717,189	7.50
Alaska National Bank of Fairbanks	9.00	295,182	205,182	196,113	8.50
Alaska National Bank of Fairbanks	9.50	37,388	37,388	36,917	9.00
Alaska National Bank of Fairbanks	10.00	198,265	198,265	202,013	9.50
B. M. Behrends Bank, Juneau	8.75	306,326	306,326	287,947	8.25
National Bank of Alaska	8.00	3,270,669	3,270,669	2,919,727	7.50
National Bank of Alaska	9.00	642,715	642,715	614,308	8.50
National Bank of Alaska	8.75	461,935	461,935	434,220	8.25
National Bank of Alaska	8.50	178,202	178,202	164,713	8.00
National Bank of Alaska	9.25	1,895,562	1,895,562	1,841,728	8.75
National Bank of Alaska	9.50	141,788	141,788	140,002	9.00
Sub-Total		<u>\$ 8,141,430</u>	<u>\$ 8,141,430</u>	<u>\$ 7,554,877</u>	

STATE OF ALASKA

TEACHERS' RETIREMENT FUND  
Assets Owned  
as of June 30, 1974

<u>Description</u>	<u>Coupon Rate</u>	<u>Balance Due</u>	<u>Cost Value</u>	<u>Market Value</u>	<u>% Yield at Cost</u>
<u>Fixed Income Private Placements -</u>					
Continued					
Conventional Mortgages - Residential:					
Alaska Bank of Commerce	9.50	\$ 238,050	\$ 238,050	\$ 232,122	9.19
Alaska Bank of Commerce	10.00	\$ 64,000	\$ 64,000	\$ 64,442	9.63
Alaska Bank of Commerce	10.50	\$ 69,375	\$ 69,375	\$ 72,261	10.19
Sub-Total		\$ 371,425	\$ 371,425	\$ 368,825	

STATE OF ALASKA

TEACHERS' RETIREMENT FUND  
Assets Owned  
as of June 30, 1974

Fixed Income Private Placements -  
Continued

<u>Description</u>	<u>Coupon Rate</u>	<u>Maturity Date</u>	<u>Cost Value</u>	<u>Market Value</u>	<u>% Yield at Cost</u>
<u>Deposits with Federal Savings and Loan Associations:</u>					
Alaska Federal Savings & Loan Assn., Juneau	6.00	10/12/74	\$ 500,000	\$ 500,000	6.00
Alaska Federal Savings & Loan Assn., Juneau	6.00	7/1/74	300,000	300,000	6.00
Alaska Federal Savings & Loan Assn., Juneau	6.00	7/1/74	300,000	300,000	6.00
Alaska Federal Savings & Loan Assn., Juneau	7.50	10/15/74	100,000	100,000	7.50
First Federal Savings & Loan Assn., Anchorage	6.00	8/1/74	600,000	600,000	6.00
First Federal Savings & Loan Assn., Anchorage	7.50	10/12/74	500,000	500,000	7.50
First Federal Savings & Loan Assn., Anchorage	7.50	12/5/74	150,000	150,000	7.50
First Federal Savings & Loan Assn., Fairbanks	6.00	1/1/75	550,000	550,000	6.00
First Federal Savings & Loan Assn., Fairbanks	6.00	7/1/74	550,000	550,000	6.00
First Federal Savings & Loan Assn., Fairbanks	7.50	10/14/74	200,000	200,000	7.50
Mt. McKinley Mutual Savings Bank, Fairbanks	7.50	2/25/74	<u>200,000</u>	<u>200,000</u>	<u>7.50</u>
Sub-Total			<u>\$ 3,950,000</u>	<u>\$ 3,950,000</u>	
Total - Fixed Income Private Placements			<u>\$25,953,498</u>	<u>\$23,406,816</u>	

## STATE OF ALASKA

TEACHERS' RETIREMENT FUND  
 Assets Owned  
 as of June 30, 1974

<u>Description</u>	<u>Annual Dividend</u>	<u>First Purchase Date</u>	<u>Number of Shares</u>	<u>Cost Value</u>	<u>Market Value</u>
<u>Common Stock</u>					
Amerada Hess	.30	4/26/74	3,000	\$ 87,347	\$ 54,000
American Home Products	.80	6/6/74	10,000	415,097	402,500
American Metal Climax Company	1.65	6/14/74	8,000	313,947	318,000
American Telephone & Telegraph Co.	3.08	3/11/68	15,000	673,000	699,375
Armco Steel Corporation	1.35	6/9/72	10,000	221,831	213,750
Atlantic Richfield Company	2.00	3/12/74	3,500	360,949	308,437
Bankamerica Corporation	1.32	4/26/74	4,000	164,750	126,000
Burroughs Corporation	.50	3/12/74	500	50,686	49,812
Carrier Corporation	.52	11/22/72	3,000	77,399	31,875
Chubb Corporation	1.40	3/21/74	7,500	312,187	233,437
Citicorp.	.80	5/20/74	4,000	153,130	124,000
CUB Corp.	1.46	3/12/74	10,000	339,967	353,750
Commercial Satellite Corp.	.80	4/5/74	5,000	166,175	150,000
Continental Oil Company	1.60	3/12/74	2,000	84,413	75,000
Crown Zellerbach Corporation	1.60	3/11/68	4,800	158,124	138,000
Delta Air Lines, Inc.	.60	3/12/74	5,000	266,184	238,750
Dow Chemical Company	1.00	3/12/74	2,000	118,921	130,750
Eastman Kodak Company	1.56	4/29/71	3,000	259,907	311,625
Federated Department Stores	1.16	10/10/73	5,000	218,916	155,000
Firestone Tire & Rubber Company	1.00	3/11/68	4,600	111,882	78,200
Ford Motor Company	3.20	6/15/72	10,000	581,366	490,000
General Cable Corporation	.50	6/9/72	15,000	250,607	125,625
General Electric Company	1.60	3/11/68	10,000	630,609	492,500
General Mills, Inc.	1.08	6/20/74	4,000	219,419	201,000
General Motors Corporation	4.90	3/11/68	15,000	1,201,447	729,375
Goodyear Tire & Rubber Company	1.00	3/11/68	2,500	67,923	41,250
Gulf Oil Corporation	1.50	3/11/68	4,200	147,798	83,475

STATE OF ALASKA

TEACHERS' RETIREMENT FUND  
Assets Owned  
as of June 30, 1974

<u>Description</u>	<u>Annual Dividend</u>	<u>First Purchase Date</u>	<u>Number of Shares</u>	<u>Cost Value</u>	<u>Market Value</u>
<u>Common Stock - Continued</u>					
Halliburton Company	.1.20	3/12/74	2,000	\$ 339,746	\$ 283,750
International Business Machines Corp.	5.12	3/12/74	5,000	1,188,258	1,063,750
Kraftco Corporation	1.92	11/24/72	5,000	226,262	205,000
Lilly (Eli) & Company	.94	5/20/74	5,000	381,771	390,625
McDermott, J. R. & Co.	1.20	3/12/74	5,000	452,203	330,000
McDonald's Corporation	--	4/17/74	7,500	409,158	359,062
Monsanto Company	2.40	3/12/74	1,000	61,363	63,750
Penney, J. C., Company	1.16	10/10/73	5,000	408,775	360,625
Phillip Morris Company	.80	6/6/74	8,000*	462,794	436,000
Phillips Petroleum Company	1.40	5/20/74	1,600	88,438	78,600
Republic Steel Corporation	1.20	6/9/72	4,000	94,585	89,500
Ryder System Inc.	.40	3/12/74	16,000	417,135	242,000
Schering-Plough Inc.	.80	3/12/74	5,000	350,883	327,500
Southland Corporation	.30	6/12/74	15,000	302,435	273,750
Standard Oil of California	2.00	9/20/73	6,000	185,143	160,500
Syntex Corporation	.40	4/15/74	4,000	191,426	178,000
Texaco Company	2.00	9/20/73	5,000	149,707	125,625
Texas Instruments Company	1.00	6/20/74	700	66,163	65,387
Xerox Corporation	1.00	5/28/74	2,500	293,243	287,812
Sub-Total				\$13,723,491	\$11,677,225
Grand Total - Assets Owned				\$89,648,515	\$79,950,112

\* 6,600 shares received - 1,400 due from Broker

# MARSH & McLENNAN

October 18, 1974

Mr. Richard W. Freer  
Commissioner of Administration  
State of Alaska  
Department of Administration  
Pouch C  
Juneau, Alaska 99801

## Actuarial Status - Alaska Teachers' Retirement System

Dear Commissioner Freer:

This is a brief statement to outline the actuarial status of the Alaska Teachers' Retirement System.

The actuarial valuation which we perform each year with respect to the Alaska Teachers' Retirement System has the following objectives:

- (1) To examine the status of funding of the System.
- (2) To develop contribution rates for each participating employer in the System which are adequate to support the benefits of the System.

Based upon the actuarial method shown in Exhibit I and assumptions shown in Exhibit II, the Employer-State contribution level of 12.04% of covered pay is adequate to support the benefits of the System.

The funding status of the System can be shown as follows:

(1) Present value of all benefits earned to the last valuation date (June 30, 1973)	\$129,298,303
(2) Values of assets of the System	\$ 73,445,709
(3) Funding ratio ((2)/(1))	57%

This means that the assets of the System are sufficient to cover 57% of the liabilities for benefits earned to the date of the valuation. The level of the funding ratio in and of itself is not so significant as is the progression of these ratios on a year-by-year basis.

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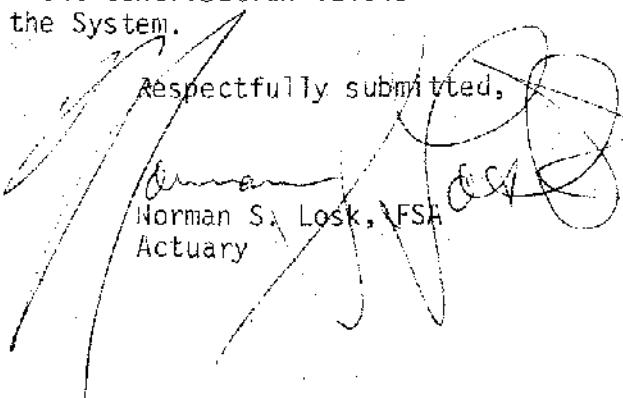
Mr. Richard W. Freer

- 2 -

October 18, 1974

In summary, my opinion would be that the funding progress of the System is satisfactory, and the current contribution levels are satisfactory to support the benefits of the System.

Respectfully submitted,

  
Norman S. Losk, FSA  
Actuary

NSL:rs  
Attachments

EXHIBIT I

ACTUARIAL METHOD

The actuarial method used in this valuation is known as the Aggregate Method. Under this method, the Employer-State cost is determined as follows:

- (1) The present value of all benefits accrued and expected to be earned in the future are calculated, taking into account expected levels of mortality, turnover, disability and investment performance.
- (2) Such present value of benefits is reduced by the sum of:
  - (a) The assets of the fund, and
  - (b) The present value of future employee contributions (including arrearage contributions), taking into account the same items as enumerated in (1), above.

The remainder is the portion of the present value of future benefits to be funded by Employer-State contributions and is called the "Present Value of Future Contributions from the Employer and the State."

- (3) The Estimated Contribution from the Employer and the State is determined by multiplying the Present Value of Future Contributions for the Employer and the State by a factor which spreads that present value of contributions over 16 years.
- (4) The Contribution by the Employer and the State expressed as a percentage of salaries is then determined by dividing the Estimated Contribution by the total Member Salaries used in the valuation.

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This method effectively spreads the portion of the total projected present value of benefits to be financed by future Employer-State contributions over 16 years. It has the advantage that the effect of actuarial gains and losses (which arise from actual experience that deviates from the actuarial assumptions used) is automatically spread over this period.

EXHIBIT II  
ACTUARIAL ASSUMPTIONS

1. Investment Yield - 5% per annum.
2. Mortality - According to 1951 Group Annuity Mortality Table rates projected to 1965 by projection "C". (Female mortality same as male mortality with ages set back 5 years.)
3. Rates of Separation from Service - See Page 2.
4. Rates of Disability - See Page 3.
5. Rate of Mortality after Disability - According to the 1956 Railway Retirement Board Tables.
6. Rates of Salary Increase - See Page 4.
7. Normal Retirement Age - Earlier of age 60 with 15 years of creditable service or 8 years of membership service and 25 years of service at any age.
8. Asset Valuation - Cost basis.

MARSH & MCLENDON

TEACHERS' RETIREMENT SYSTEM  
STATE OF ALASKA

SEPARATION RATES

ANNUAL RATES PER 1,000 EMPLOYEES

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	165.0	40	100.0
21	162.0	41	95.0
22	160.0	42	90.0
23	158.0	43	85.0
24	155.0	44	80.0
25	152.0	45	75.0
26	149.5	46	70.0
27	146.0	47	65.0
28	142.5	48	60.0
29	140.0	49	55.0
30	137.0	50	45.0
31	132.5	51	35.0
32	130.0	52	25.0
33	127.5	53	15.0
34	125.0	54	5.0
35	120.0		
36	116.0		
37	112.0		
38	108.0		
39	104.0		

**MARSH & MCLENNAN**

TEACHERS' RETIREMENT SYSTEM  
STATE OF ALASKA

DISABILITY RATES

ANNUAL RATES PER 1,000 EMPLOYEES

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	.70	45	1.62
21	.71	46	1.76
22	.72	47	1.91
23	.73	48	2.07
24	.74	49	2.23
25	.75	50	2.40
26	.76	51	2.60
27	.78	52	2.86
28	.80	53	3.18
29	.82	54	3.56
30	.84	54	4.00
31	.86	56	4.59
32	.88	57	5.34
33	.90	58	6.10
34	.93	59	7.20
35	.96	60	8.43
36	.99	61	9.75
37	1.03	62	11.30
38	1.07	63	13.05
39	1.11	64	14.90
40	1.15		
41	1.20		
42	1.27		
43	1.36		
44	1.48		

MARSH & MCLENNAN

TEACHERS' RETIREMENT SYSTEM  
STATE OF ALASKA

SALARY INCREASE SCALE

<u>Age</u>	<u>Scale</u>	<u>Age</u>	<u>Scale</u>
20	.3225	45	.7801
21	.3354	46	.7957
22	.3488	47	.8116
23	.3627	48	.8279
24	.3773	49	.8444
25	.3923	50	.8613
26	.4080	51	.8700
27	.4244	52	.8787
28	.4413	53	.8874
29	.4590	54	.8963
30	.4774	55	.9053
31	.4964	56	.9143
32	.5163	57	.9235
33	.5370	58	.9327
34	.5584	59	.9420
35	.5808	60	.9515
36	.6040	61	.9610
37	.6282	62	.9706
38	.6533	63	.9803
39	.6794	64	.9901
40	.7066	65	1.0000
41	.7207		
42	.7351		
43	.7498		
44	.7648		

